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GLOBAL ECONOMIC JUSTICE: ANOTHER WORLD IS POSSIBLE!

Echoes From Elsewhere

An Introduction To Echoes Magazine In Reactions, Facts and Issues From All Over The World

Whose DNA? Tonga & Iceland, biotech, ownership and consent

In November 2000, Australian biotech company Autogen announced it had secured the exclusive rights to the entire gene pool of the Tongan people through a contract signed with Tonga's Ministry of Health. Due to adverse public reaction in Tonga, Autogen is supposed to have withdrawn its interest in August 2001. However, other biotech companies are interested in the Tongan people because they are genetically isolated. If Autogen has indeed withdrawn its interest, it is one battle won in the ongoing struggle by Indigenous peoples to assert their sovereignty over their own resources.

The agreement was originally negotiated without any publicity or public debate in Tonga. By comparison, the consent given by Icelandic people to their agreement with the commercial firm de-Code, was achieved after being hotly debated in the parliament and the media, and was described variously as "democratic" and "acrimonious, polarised and pitting laymen against experts". When informed consent becomes a political activity, which questions take priority? Will biotech take "no" for an answer, if that is the decision?

Co-presented by Lopeti Senituli and Margaret Boyes, Australasian Bioethics Association Annual Conference, Adelaide, February 14-16 2002.

Five years after civil war, Guatemala is still waiting for the fruits of peace

Guatemala City (ENI).Guatemala's civil war came to an end just over five years ago, but the country has yet to enjoy the peace that most hoped would follow in the wake of the 36-year armed conflict. Political parties are weak, civil society remains fragmented, and the government appears incapable of meeting society's basic needs or of extending democratic reforms. "The peace process has stalled because there is no political will for it to prosper, because there are sectors of the powerful who are addicted to unjust economic and political structures, and they don't want to see things change," the Rev. José Pilar Alvarez, a Lutheran pastor in the eastern Guatemalan city of Zacapa, told ENI.

Church agencies demand EU sanctions against Israel

Geneva (ENI). As European Union foreign ministers discuss the crisis in the Middle East at a meeting in Luxembourg, church organisations are demanding that the EU impose sanctions against Israel. The general secretary of the World Council of Churches (WCC), Konrad Raiser, has called on the EU ministers to suspend an agreement that gives privileged trade status to Israel. Similar calls have come from Christian Aid, the church aid agency in Britain and Ireland, and from Aprodev, an association of 15 European Protestant, Anglican and Orthodox development agencies. Last week the European Parliament voted to suspend the trade agreement with Israel, but the vote is not binding on EU foreign ministers.

Filipino church leaders warn against increased US military presence

Manila (ENI).Church leaders in the Philippines have condemned plans to increase the number of United States troops in the country. The Philippine church leaders claim that the escalation of the US war against terrorism here may lead to greater antagonism between Filipino Muslims and Christians and the further erosion of Philippine sovereignty.

Canadian church campaign pressures oil company on climate change

Vancouver (ENI). A Canadian ecumenical campaign is targeting one of Canada's biggest oil companies which is opposed to a major United Nations' agreement on climate change. Representatives of the campaign, including Lois Wilson, a former president of the World Council of Churches (WCC) and former moderator of the United Church of Canada (UCC), took part this week in the shareholders' meeting of Imperial Oil, one of Canada's biggest integrated petro-leum companies. Wilson, who has just retired as a Canadian senator and has had national assignments on energy-related matters, questioned the policies of Imperial Oil with regard to climate change and future energy options.

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Editorial

Echoes
justice, peace and creation news

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In the last days it will be, God declares,
that I will pour out my Spirit upon all flesh,
and your sons and your daughters will prophesy,
and your young men shall see visions
and your old men shall dream dreams.
Acts 2, 17. Luke describing Pentecost

The ringing affirmation in the title of this issue is an inspiration. We want and need that encouragement to hope, and feel intuitively that it must be justified. Yet a natural immediate second thought is to question whether global economic justice is really possible. The value of rhetoric in lifting spirits, stretching perceptions and strengthening goals is clear, but there has been too much experience of disappointed hopes for scepticism not to slip in quickly.

So why confidently suggest dauntingly ambitious possibilities? In part, because our faith encourages us to do so. Justice is a repeated Biblical theme: "... and what does the Lord require of you but to do justice, and to love kindness and to walk humbly with your God." Anything less than commitment to global justice is a betrayal of love.

In part, because the inequities are so enormous and clear. Half of humankind lives in or close to poverty, a fifth of us in conditions of severe deprivation. Addressing poverty has become the principal moral imperative of the age, in the way that confronting the arms race was the principal moral imperative in earlier decades.

In part, because the world is richer than ever before in human history, has unprecedented technological capacity and therefore has a greater capacity to tackle injustice than ever before.

The foundational requirement for campaigning for global economic justice is the vision of a just world linked with commitment of our lives to working for that goal. The core of most contemporary politics is the gaping hole where that commitment and the imagination about how to achieve it could be. The ideology of market fundamentalism has killed too much political reflection, vision, discourse and innovative action – but not all.

The principal subject of the articles in this edition of Echoes is critiquing market fundamentalism, also known as neo-liberalism. Imagination about change begins with rigorous analysis and there is much tough commentary in this issue. There are also visions of what could be, proposals for policy change and practical suggestions for advocacy.

Essential policy action includes improving national capacity for food production in many developing countries, debt cancellation, generous ODA, open markets in developed countries, decimation of military expenditure and inclusive national and global decision-making.

Some other possibilities that are less well known are also essential. International cooperation about national tax policy and administration must be dramatically increased. Closing tax havens and other opportunities for tax avoidance and evasion would alone significantly increase revenue that is essential for achieving the Millennium Development Goals. To ensure adequate concerted work on efficient and honest national tax administration, establishment of a global tax authority is one of the highest priority global public goods.

Additional external finance for development is also necessary if access to education and health services, to water and to transport and communication is to be achieved for all. A new issue of special drawing rights, a currency transaction tax and a carbon tax are all technically readily possible. Only political decisiveness is missing, and that can be influenced through effective campaigning.

This is a particularly disturbing period. Not only are injustices inadequately addressed but also some countries are undermining the system of international institutions and treaties (that was painstakingly negotiated during the last half century) by failure to pay dues to the UN and to ratify and implement treaties. Strong advocacy of the international rules-based system and active support for it has become imperative.

Clarity of purpose, analytical rigour, commitment to action and courage are urgently needed. Perhaps the growing alarm about the perverse directions of some countries, linked with the growing insecurity related to perceptions of globalisation will motivate increased action. The risk is that the widespread sense of powerlessness also due to the apparent dominance of immutable global forces will entrench passivity.

But powerlessness is a choice. Everyone has the capacity for action. The future is not predetermined. There are innumerable ways of engaging that can be influential. Passionate conviction about the imperative of movement towards global economic justice and that another world is possible are the best bases for effectiveness.

John Langmore, director,
ILO Liaison Office to the UN

WHAT PRICE SECURITY?

BY PAMELA K. BRUBAKER

Over fifty years ago, US president Dwight D. Eisenhower, himself a highly decorated general and veteran of World War II, observed that "Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed." His observation is still relevant as the US and other nations spend ever more money on a "war against terrorism". The US is spending over $2 billion a month fighting in Afghanistan, with no end in sight. President Bush recently proposed doubling the budget for domestic security from this year's $19.5 billion to $37.7 billion. To put these amounts into perspective, compare them to the proposed $5 billion a year increase in US development aid, which will only be phased in beginning in October of 2003.

"Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed."

President Bush and his allies claim that their goal in the "war against terrorism" is security for all. But people of conscience must ask if war is the best way of attaining security, and if terrorism is the biggest threat to security many people face. How, for instance, does this war enhance the security of the world's 1.2 billion people who live on less than a dollar a day and cannot adequately meet their most basic needs? In actuality, isn't this war an attempt to provide national security for wealthy nations, not human security for all?

Too many churches seem afraid to speak out against the injustices carried out in the name of the war against terrorism. Perhaps some are afraid of being associated with terrorism. Depending on one's identity and location, such charges could mean anything from the discomfort of marginalisation to serious legal consequences, even death. Americans may believe that any form of dissent is disloyal when one's country has been attacked. In cases where people of faith have spoken out, one ponders whether we have been bold enough.

Shortly after the September 11 attacks, US Christian, Muslim and Jewish clergy issued a statement insisting, "We must not, out of anger and vengeance, indiscriminately retaliate in ways that bring on even more loss of innocent life." The statement concluded with a call to "rededicate ourselves to global peace, human dignity, and the eradication of injustice that breeds rage and vengeance." [1] Although signed by over 2,500 religious leaders, making it one of the most inclusive religious statements ever released, it received little publicity. Many US media outlets are corporately owned and dissenting voices are not given a hearing. Yet I have to wonder if the statement would have received more publicity if it had been accompanied by bold action. What might these actions have been? Would they have influenced public opinion positively? Or would they be perceived as the work of "extremists" sympathetic to terrorism?

A crucial task, particularly for churches, is to help people reflect on our fears and desires. I suspect it is at this point that I speak especially to other Americans, but these concerns are relevant beyond our borders. In the US, too many of us have a sense of American exceptionalism, of being the nation which can be free of fear and insecurity. As we work through the grief and anger we feel about the September 11 attacks, we need to put our experience into historical and global perspective. People of faith and good will from other parts of the world can help us reflect on what policies and actions of our government may have contributed to hostility against us. This ranges from increasing knowledge of the history of US military intervention to awareness building about the impact of the US government's external economic policies.

Many Americans believe that their government is exceedingly generous, sending food and monetary aid from the American people to those in need around the world. Churches and other groups in civil society must educate Americans about the reality of aid and the impact of "the Washington consensus" on poor people. Americans are surprised to learn that the US spends a much smaller portion of its gross national product on official development aid than do Japan and the European Union. [2] Even less known is the impact of the "the Washington consensus", policies carried out by the US government in cooperation with the International Monetary Fund and the World Bank. (In fact, these institutions are controlled by the US, since the weight of a vote is determined a country's monetary contribution.)

Of particular concern are "structural adjustment programmes" (SAPs), which function as structures of economic violence bringing suffering and death to too many of the world's people. Thousands of children die needlessly each day due to malnutrition or lack of access to clean drinking water and basic medical care. These children likely live in countries that have been required by the IMF to cut back on social spending, shift from subsistence agriculture to export-production, and privatise, deregulate, and liberalise their economies (key elements of "the Washington consensus" and the neoliberal agenda).

Americans are surprised to learn that the US spends a much smaller portion of its gross national product on official development aid than do Japan and the European Union.

SAPs increase both poverty and women's workload. Girls may leave school to take up part of this increased load, with long-term negative consequences. Sociologist Saskia Sassen calls this situation "the feminisation of survival". These economic policies also contribute to widening gaps between the wealthy and poor (within countries and between countries), increased migration, disruption of Indigenous communities, and ecological degradation. Those of us in the North need to take seriously the claim of people from the South that structural adjustment programmes and the larger neoliberal agenda are forms of recolonisation. The reality they experience contrasts sharply with the rhetorical commitment of the US and other northern countries to democracy, human rights, and women's rights. [3]

Not only must we raise awareness about the impact of US economic policies, we must also reflect together on what truly is deserving of our faith and trust in our desire for security. This task is especially urgent in light of recent disclosures that the Bush administration is considering the development of "usable" nuclear weapons. The Pentagon has identified three types of situations in which nuclear weapons could be used: "against targets able to withstand non-nuclear attack; in retaliation for attack with nuclear, biological or chemical weapons; or 'in the event of surprising military developments.'" [4] What a false sense of security this would provide! The human and ecological

Those of us in the North need to take seriously the claim of people from the South that structural adjustment programmes and the larger neoliberal agenda are forms of recolonisation

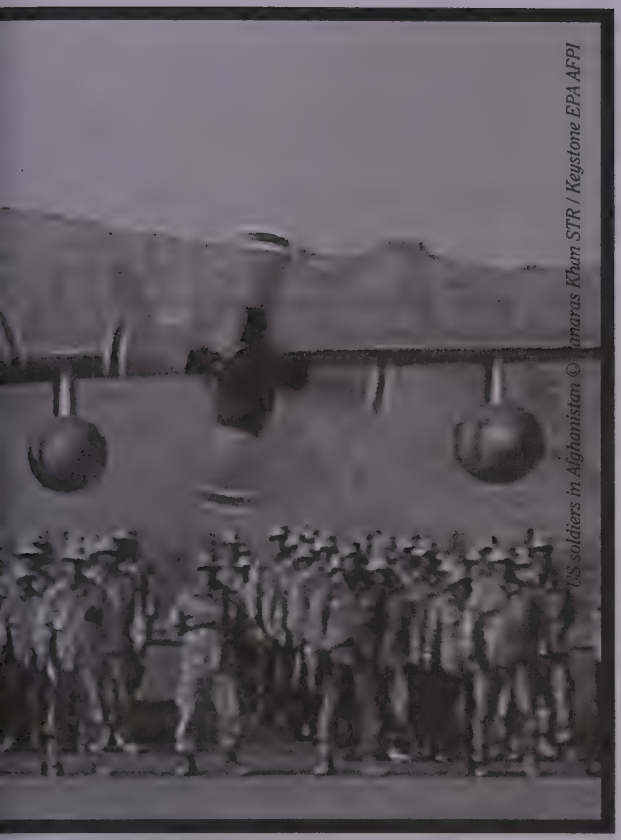
damage from even a "small" nuclear war are unthinkable. Physicians for Social Responsibility rightly claim this would constitute a "crime against humanity". Even if these weapons are never used, their production entails immense social and environmental costs. Another arms race could be ignited, which would drain even more funds from meeting basic needs, for health and education, and other economic justice programmes.

Clearly, there are more effective and humane ways to provide security against terrorism. At the recent UN Conference on Financing for Development, Sierra Leone development minister Kadi Sesay pointed out that "a lot of conflicts around the world now have an underlying cause, which is poverty". This should be a matter of serious concern to rich countries, if "they want global peace and stability". [5] From her point of view, development assistance from rich countries is a responsibility owed not just to the poor but also to their own citizens.

In proposing to increase US development aid funds, President Bush offered a similar argument. Although he noted that "poverty doesn't cause terrorism", he acknowledged that "persistent poverty and oppression can lead to hopelessness and despair". He added that "when governments fail to meet the most basic needs of their people, these failed states can become havens for terror," giving Afghanistan as an example. [6] However, his proposed increase in development aid has strings attached – political and economic reforms that are part of the neoliberal agenda.

This presents a dual challenge for churches and non-governmental organisations working for social and economic justice. Since president Bush stated soon after the September 11 attacks that "if you are not with us you are against us," groups who challenge the conduct of the "war against terrorism" risk being associated with terrorism. Now that he has linked the neoliberal economic agenda to the fight against terrorism, groups who question this agenda, whether in terms of conditions for development aid or expansion of NAFTA to all of the Americas, also risk being associated with terrorism.

Clearly, these are difficult times for those of us seeking peace with justice. I suggest, though, that we resist fear and intimidation and speak and act boldly. We must shift the terms of the debate from "who is against us because they are not with us" to "what can we do together to build more just and sustainable communities". This is not an easy task. Those of us seeking economic justice must sharpen our analysis of the failures of neoliberalism and clarify our alternative vision. Churches and other groups in civil society must take the lead in asking what really contributes to human security. We need to develop our networks and collaborate more effectively in our efforts to shift the agen-



US soldiers in Afghanistan © Sanaras Khun STR / Keystone EPA AFPI

Those of us seeking economic justice must sharpen our analysis of the failures of neoliberalism and clarify our alternative vision. Churches and other groups in civil society must take the lead in asking what really contributes to human security

da of international institutions (some would dismantle them) like the IMF, World Bank, and WTO from growth to equity and sustainability. We must strengthen our grassroots organising and coalition building to include all those from various religious traditions – or none – searching for peace with justice.

It is crucial that women speak out on these issues. We must ensure that women are included in organising and decision-making as our experience of poverty and conflict is not the same as that of men. Too often, we bear the brunt of economic and other forms of violence as class exploitation, racial/ethnic oppression, and patriarchy intersect. We bring innovative ways of addressing conflict. We want to take our rightful place in church and society, in movements for peace with justice. Without our participation, those who seek economic justice lack significant and effective partners. We will work to see that there is food enough for all, that no country's military budget is greater than its combined health and education budgets. We are tenacious in our desire to end all forms of violence, to ensure human security for all.[7]•

Dr Pamela Brubaker is associate professor of Christian ethics at California Lutheran University.

Notes

1. See "Deny Them Their Victory: A Religious Response to Terrorism", Sojourners (November/December 2001), 26 or www.sojo.net.

2. Only Denmark, Luxembourg, the Netherlands, Norway, and Sweden meet or exceed the 0.7% of GNP target for official development aid set by the UN. The average is 0.22% of the GNP of the industrialised countries; in 2000 this came to about $56 billion. Compare this to the $400-some billion spent on advertising, or the more than $700 billion of military spending. Aid data from Kjell Magne Bondevik and others, "Official Development Aid: The rich countries will have to do better," International Herald Tribune, March 21, 2002. For an insightful analysis of this issue, see www.realityofaid.org.

3. Saskia Sassen, "Women's Burden: Counter-Geographies of Globalisation and the Feminisation of Survival", Journal of International Affairs 53, no. 2 (Spring 2000): 503-24. My own awareness-building of the impact of these policies began with testimony I heard at the NGO Forum held during the 1985 United Nations Decade for Women Conference in Nairobi, Kenya. It was deepened by a WCC-sponsored Women-to-Women visit in Uganda and participation in the End of the Decade of the Churches in Solidarity with Women Celebration in Harare, Zimbabwe in November of 1998.

4. See the report at Physicians for Social Responsibility, http://www.psr.org/NPRfactsheet.html.

5. Quoted in Alan Beattie and John Authers, "Delegate puts aid donors on trail along with poor nations", Financial Times, March 25, 2002.

6. Quoted in Edwin Chen, "Bush Proposes Major Boost in Development Aid", Los Angeles Times, March 15, 2002.

7. I am drawing here on the statement from the "Peace with Justice: Women Speak Out" Consultation, March 17-20, 2002, sponsored by the World Council of Churches, Lutheran World Federation, World Alliance of Reformed Churches, and the Council of European Churches, in which I was a participant.

ANOTHER WORLD IS POSSIBLE

BY SUSAN GEORGE

Geneva, Switzerland © Catherine Alt / WCC

Wearing orange T-shirts with the slogan "A change of heart" in seven languages, members of the Ecumenical Team offering a church viewpoint at Geneva 2000 joined a large demonstration organised on Sunday 25 June by the Swiss Committee of the Bangkok Appeal. Team member Beauty Maenzanise from the United Methodist Church in Zimbabwe dancing to the music of a band that accompanied the marchers

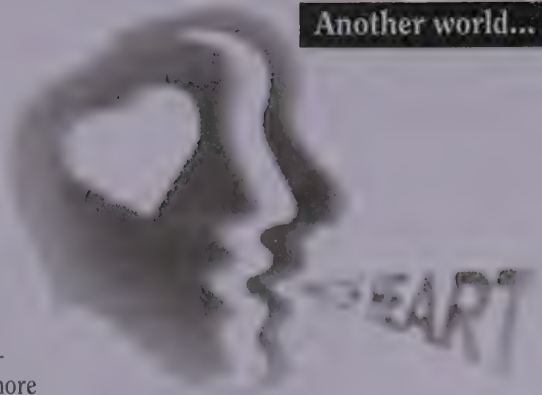
For a magic moment, the citizens' movement was no longer on the defensive. From Seattle to Genoa, via Washington, Prague, Quebec, Nice and a dozen other destinations, the dispiriting decades of unbridled corporate greed and freewheeling financial markets seemed to be drawing to an ignominious close, smothered under their own sheer awfulness. Or if such a perception was mere wishful thinking and a bit premature, at least neoliberalism was under credible and forceful attack.

Negatively labelled "antiglobalisation" by the media but known to its thousands of participants and millions of sympathisers as the movement for global justice, the nebula of protest and proposals was coalescing and gaining strength. The corporate and political elites could no longer meet in plush peace and confidential quiet to do their deals, and were obliged to retreat to fortresses whose defences the demonstrators regularly stormed both physically and ideologically. The winds of history were blowing in a new and refreshing direction.

Then came September 11. Like the rest of the world, Europeans were shocked and horrified, especially by the sheer scale of the destruction and the potent symbolism of the targets, but in another and admittedly limited sense, we'd been there before. We'd had bombs in our metros, terrorist attacks on our railways and exploding cars in our streets, not to mention centuries of wars, invasions and occupations.

As the initial trauma wore off, we also tried to analyse what precisely lay behind the attacks and to ask political as well as moral questions. While everyone agreed that nothing could justify the terrorist attacks on the United States, some also recalled another September 11 when the American-sponsored coup d'état in Chile brought down the democratically elected Allende government, ushering in a fascist regime that murdered and "disappeared" thousands. American support for the "contras" in Nicaragua; the training of Latin American torturers in North America; the attacks against weak and defenceless countries like Panama, Grenada and Sudan; the bombing and blockading of Iraq leaving civilians dead and maimed but Saddam Hussein firmly in place – all these were remembered and discussed, as was the crucial US role in the endlessly destructive Israel-Palestine war.

While the prestigious French daily *Le Monde* headlined "We Are All Americans," others felt that this assertion very much depended on "which" Americans. Yes, without ques-



tion, if it meant mourning for the victims and their families; no, if it meant unqualified support for the corporate, financial and government elites, and for business as usual.

Nor were we surprised when these same elites in Europe, our neoliberal corporate adversaries and their domestics, instantly seized upon the atrocities to advance their cause. By the morning of the 12th they had already sharpened their sticks. Using crude, faulty but sometimes effective logic in an attempt to intimidate and criminalise the citizens' movement, they declared, "You're anti-globalisation, therefore you're anti-American, therefore you're on the side of the terrorists." For weeks, the media gleefully and unrelentingly framed their coverage and their questions in that light alone.

So we've had to explain incessantly why such arguments are not just wrong but pernicious, and we've refused them the pleasure of painting us into the villain's corner they had reserved for us. We reject as well the "anti-globalisation" label and, in order to counter accusations of "anti-Americanism," stress our ties with our American friends in the global justice movement. We've also continued to mobilise, and on that score, it's gratifying to report that September 11 has had relatively little long-term impact. Although virtually unreported in the mainstream press and, alas, with zero effect on the negotiations themselves, the recent WTO ministerial meeting in Doha, Qatar, brought far more people into the streets than had gathered in Seattle. Decentralised demonstrations were organised in at least thirty countries, including forty locations in France and twenty-five in Germany.

The demonstrations in Laeken at the end of the Belgian EU presidency in December brought out tens of thousands, including a large number of trade unionists, with almost no violence (one or two shattered bank windows). On January 19, ATTAC-France (ATTAC is an acronym for the Association for the Taxation of Financial Transactions to Aid Citizens, whose program now reaches well beyond the push for the so-called Tobin Tax, the proposed small tax on international currency transactions) filled to overflowing the largest rock concert hall in Paris for the kick-off of the upcoming presidential and legislative election season. While we have no intention of becoming a party, we do promise to harass all the candidates unmercifully around our issues. Next month, ATTAC-Hungary will be launched, the fortieth country to join this international movement. The CGIL, Italy's largest and most progressive trade union, recently decided to become a "founding institutional member" of ATTAC-Italy. Kids all over Europe asked their parents to give them the airfare to Porto Alegre for Christmas so they could attend the historic international citizens' gathering there January 31-February 5.

We know that for Americans, the backlash of the terrorist attacks has been far more powerful and the aftermath more lingering. With flags flying on every corner, the obligatory rallying around President George W. Bush no matter what he decides, and a kind of suffocating and frequently phoney patriotism dominating the debate, it's clear that the pressure is considerable.

Allow me still to argue that it's time to pull ourselves together, pull up our socks and pull together – take your pick of metaphors, but also take heart: September 11 is not the end of the world. History may even be handing us a radically new moment, one we did not choose but ours to seize. Our message is more relevant today than it was on the eve of September 11.

The emotions the atrocities awakened in all the rich Western countries caused me briefly to entertain the naïve hope that their leadership might finally recognise the gravity of the situation and provide an appropriate response. I should have known better. Those who hold our futures in their hands are not serious. They see no farther than the noses of their bombers. Frightening though the prospect may seem, citizens must accept the risk of being serious in their place.

> ...today's poor know they are poor. The plausible fantasies of Western television constantly remind them of their own failure to capture the material rewards of modernity.

What does "being serious" mean? For starters, recognising what our leadership refuses to admit: that terrorist nihilism is one response to poverty, despair and hopelessness. I don't mean to imply that redistribution of resources and aid programs, however well conceived, could have stopped bin Laden and his immediate followers. They care nothing about the poverty of their own compatriots, but they do know that terrorism thrives in the rich soil of exclusion and victimhood.

On September 10, half the world was already living, if one can call it that, on less than $2 a day, with a fifth surviving on half of that. Thirty thousand children were already dying needless deaths daily. Inequality is exploding both within and among nations, and perhaps contrary to the poor of the nineteenth century, today's poor know they are poor. The plausible fantasies of Western television constantly remind them of their own failure to capture the material rewards of modernity.

The only rational response to global problems is global solutions. "Foreign direct investment," the panacea of the World Bank and the International Monetary Fund, consists mostly of mergers and acquisitions that result in harmful economic concentration and job losses, and in any case such investment flows to only a dozen or so countries. The

UN target of 0.7 percent of the wealthy countries' GNP for development aid is never going to be met, and we should stop pretending that it will be, because this particular pot of money is shrinking by some 5 percent a year. What resources do exist are unaccompanied by control over the local elites, who all too frequently use them for their own ends, a recipe for waste, corruption and inefficiency. What's needed is to ratchet up our efforts to the international level and launch a global Marshall Plan, financed by various international tax instruments (including but not confined to Tobin-type taxes) and made conditional on genuine civil society participation and rigorous auditing. Debt relief ought to be a precondition of a properly functioning world system; otherwise the debtors are competing on the "level playing field" the neoliberals never tire of extolling with lead in their sneakers.

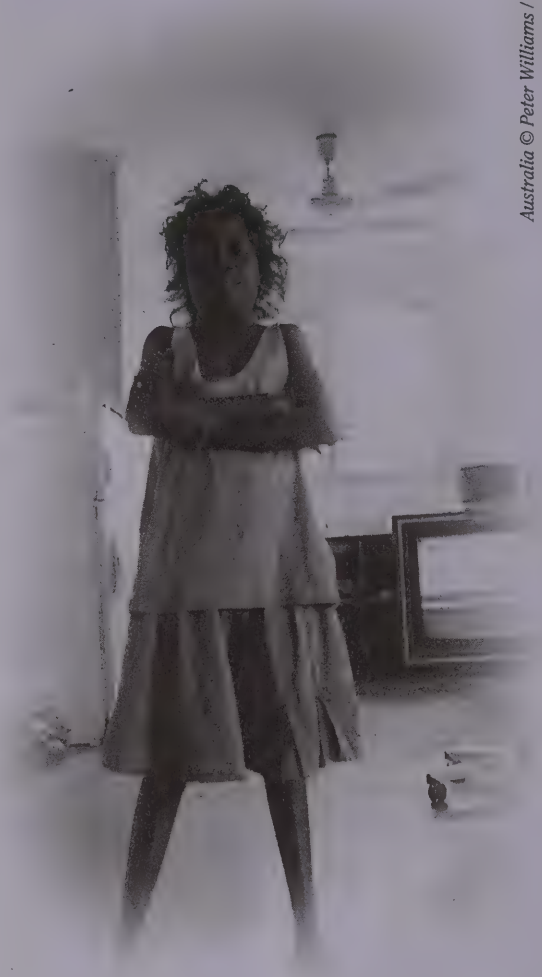
The cash is out there. It can be found not only by taxing financial transactions but in tax havens where, as Bush himself has proven, it's possible to identify, target and close down accounts belonging to anyone the United States identifies as a terrorist – so why not the accounts of drug barons and traffickers in women, children, endangered species and armaments? Thanks to these same cosy locations in the Caribbean and other fiscal paradises, taxes on transnational corporations are undermined while taxes on labour and consumption contribute far more than their fair share.

"Free trade" as managed by the World Trade Organisation and reinvigorated at the recent negotiations in Doha is largely the freedom of the fox in the henhouse. Despite the advance on generic drugs for pandemics like AIDS, tuberculosis and malaria, the South's needs are shelved and the transnationals continue to run the show according to their own preferred rules.

None of the profound changes we call for will, however, happen spontaneously, and our present elites certainly don't want them. Clearly the shock of September was not great enough to force them to change their minds and their behaviour.

So, American friends, where does all this leave us? First of all, please bring the United States back. We need you, the world needs you. Although people on every continent are joining in this struggle, there are no guarantees we can win. Without a strong US movement, in the bastion of corporate and financial-market-driven globalisation, we are in fact likely to fail.

I hope not to be misunderstood in saying that September 11 must not lead to an unhealthy inwardness and self-preoccupation but to tough-minded analysis followed by outward-looking action. The adversary hasn't changed since September 11. That adversary is still "Davos" and everything Davos stands for, whether meeting in the mountains or on the banks of the Hudson. "Homo davosiensis" wants all the resources, all the wealth, all the power and all the freedom to extend his ascendancy across time and space.



Australia © Peter Williams / WCC

This means that we too must be world-spanners and history-inventors, right now. As we say in French, "l'histoire ne repasse pas les plats" – "History doesn't offer second helpings" – so we'd better deal with what's on our plate now, which is world poverty, inequality, exploitation and hopelessness. How?

The great Chinese general Sun Tzu said 2,400 years ago, "Do not do what you would most like to do. Do what your adversary would least like you to do." In Porto Alegre, people from all over the world will be trying to determine what the adversary least wants and how to deliver it. [Wherever they next meet], we hope you will be supremely inconveniencing the Davos mob, denying it whatever it may want just now and in future (one thing it "does" want is for violence to spoil the proceedings and attract exclusive media attention, so watch out for "agents provocateurs").

Personally, I have not been so hopeful in decades. The mood is changing. People no longer believe that the unjust world order is inevitable. To Margaret Thatcher's TINA – "There is no alternative" – they are replying that there are thousands of them. Now it's up to us all, especially to Americans, to prove that, as we say in ATTAC, "Another world is possible." And urgent. •

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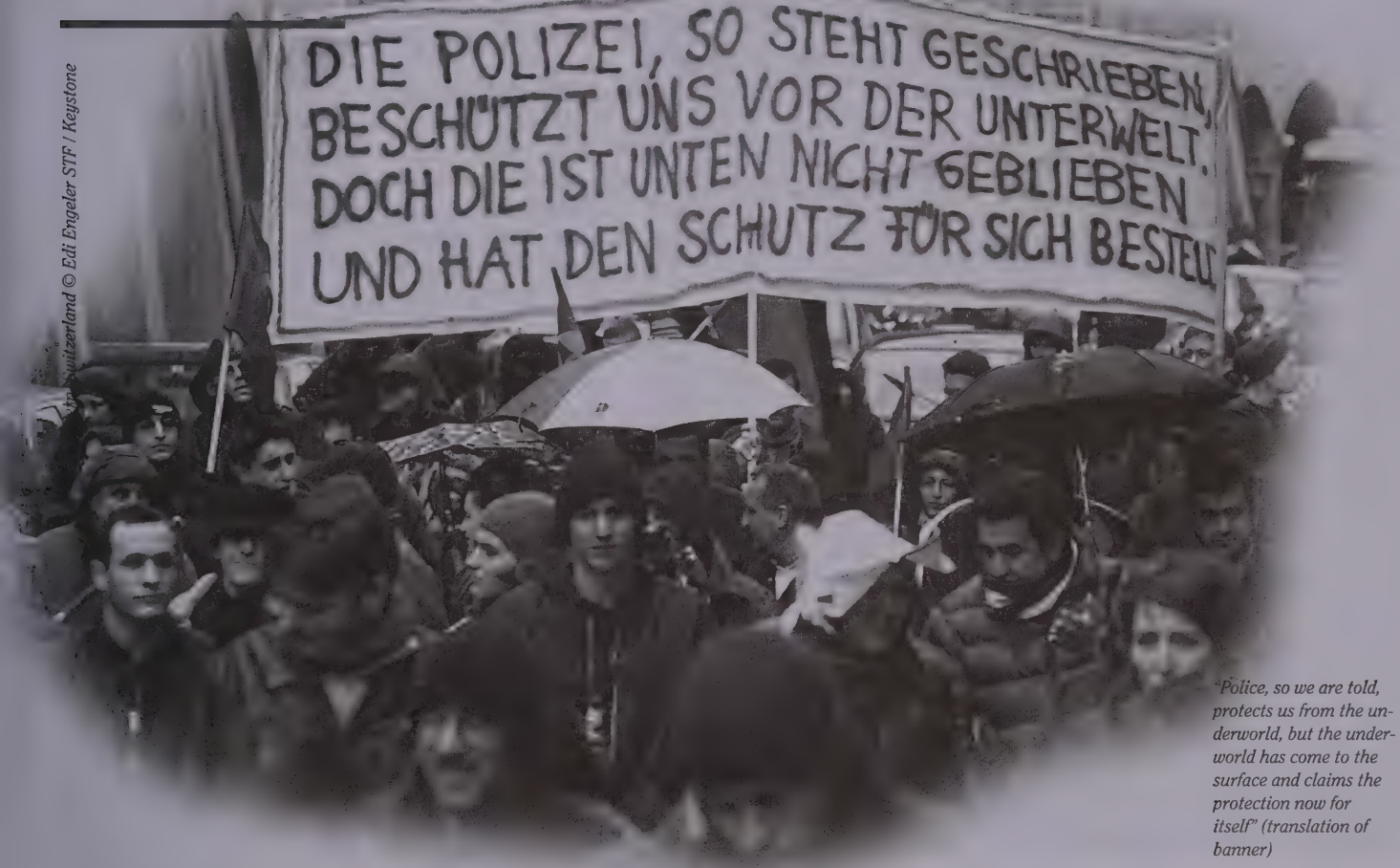
Susan George is Associate Director of the Transnational Institute in Amsterdam, a decentralised fellowship of scholars living throughout the world whose work is intended to contribute to social justice; she is also Vice-President of ATTAC France (Association for Taxation of Financial Transaction to Aid Citizens).

CONTEMPORARY SOCIAL MOVEMENTS: THEORETICAL REFLECTION AND EXPERIENCE

BY WIM DIERCKXSENS



Switzerland © Edi Engeler STF / Keystone

"Police, so we are told, protects us from the underworld, but the underworld has come to the surface and claims the protection now for itself" (translation of banner)

About 1000 people assembled on February 3, 2001, in downtown Bern, Switzerland, to protest against the events of January 25-30 in connection with the World Economic Forum (WEF). At the time, demonstrators had been hindered to enter Davos, the venue of the Forum. The demonstrators claimed "freedom of opinion and freedom of movement". It was a peaceful demonstration.

CONFRONTING MULTINATIONAL INTERESTS AND THE RISE OF CONTEMPORARY SOCIAL MOVEMENTS

Neo-liberalism emerged and developed itself as a consequence of dropping benefit rates in the productive area. Keynesian policies linked investments closely with productive sectors to stimulate growth. A shortening lifespan of products and technology implied an ever-faster substitution of existing capital and wealth to create new ones, fomenting a consumer society. During several decades, this kind of growth guaranteed benefit rates and stimulated progressive inclusion of the population into the work force, and better income distribution in the North, but much less in the South. Growth on the basis of growing substitution, in the long run however, not only led to a loss of nature, natural resources and ongoing contamination, but as technological substitution goes faster, the costs it implies tend to be higher than productivity growth, which implies a fall in benefit rates. To save benefit rates, keynesianism had to come to an end.

Neoliberal policies focus less on profits resulting from growth due to productive investments on a more national scale, and are oriented more towards profits on the basis of redistribution of existing wealth and markets on a world scale. Loans and capital movements become more independent of the production sphere first of all in a less regulated international context. A first consequence is the growing debt in the South since the late sixties and the later debt crisis in the eighties. The battle for the existing

world market and wealth is the next step. It is based on efficiency on a world scale, which essentially means best profits. In this battle for the world market, economic policies tend to facilitate better positions for transnationals in the conquest of the existing world market. Policies in favour of mergers and acquisitions, privatisation of state enterprises, and measures promoting openness of existing markets (mostly induced on the basis of the debt crisis in the South by policies of the IMF and the WB) to foreign capital, all favour the battle for existing markets on the basis of efficiency but at the cost of ever-lower growth of markets as a whole, and progressive exclusion. This battle for the existing world market, based on efficiency, generates less employment, worsens economic and social security, stimulates severe income inequality instead of growth, and leaves constantly less place to local and national capital.

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These policies save transnational benefits as long as redistribution of the world market does not affect transnational interests, that is to say, as long as it does not affect principal powers. Multilateral agreements have to promote the ongoing redistribution of the world market. The World Trade Organisation (WTO) plays a key role here. Over the last two decades, neoliberal policies have favoured multinational participation in Gross World Product (GWP). In the nineties, transnationals obtained more than 50% of GWP at the cost of falling growth rates all over the world. The rapid growth of transnationals' participation in the existing world market raised their benefit rates at the cost of growth rates. Capital accumulation without growth is only possible with an ever-sharper concentration of capital and wealth. On one side, dominant stock markets showed a sharp boom, reinforced by growing expectations about transnational benefits. On the other side, we observed a growing debt in the South and ever-lower expectations for those nations to be able to pay their debts, which induced privatisation and often transnationalisation of state enterprises. Speculations on stock markets and devaluating southern currencies are two faces of the same coin. Ever more investments entered into the speculative sphere of the world economy, and less entered productive areas. Growth rates tended to fall more sharply, and a world recession came closer.

Policies that favour the redistribution of the world market become more and more difficult as transnationals get an ever-larger share of the pie. At the end of the nineties, a new redistribution of the world market almost necessarily implied a shock of multinational interests. New trade rounds showed growing difficulties. No agreement at all was observed at the MAI in Paris in 1998, nor at the WTO meeting in Seattle in 1999. Neoliberals confronted themselves at those meetings, and critics on the system emerged even in neoliberal circles. Transnational expansion on the world market stagnated and profits fell sharply. As a consequence, between April 2000 and the beginning of September 2001, stock-markets in the world fell on the average more than 30%. In the New Economy, this downturn was much more severe. In this climate, dogmatic neo-liberal ideology showed its vulnerability. This created space not only to express critical opinion, but also conditions for acting in favour of alternatives. From then on, wherever multilateral institutions or big powers had a meeting, global justice movements appeared with growing strength, culminating in Geneva. A first-world forum on alternatives was celebrated in 2001 in Porto Alegre, Brazil.

The war against terrorism and the geopolitics of a war economy

In this conjuncture, an alternative to neo-liberalism looked like a plausible and even a logical option. Further neoliberal policies would imply a more aggressive redistribution of the world market, with warfare. The September 11 terrorist attack on the World Trade Centre in New York and the Pentagon in Washington took place in this context. The immediate consequence was a war against terrorism in military, political, economical and public opinion terms. War against terrorism anywhere immediately produced strong political pressures at the WTO meeting in Qatar to start a new trade round. A climate for fast-track negotiations turned favourable in the USA to deal with Latin America . A renewed repartition of the world market again looked favourable for transnationals, and particularly for the USA.

Expectations of US transnational profit rates turned positive after a shortfall on behalf of the events of September 11. Stock markets in the US showed a marked recuperation up to the end of December. Stock markets in Europe, Australia and Canada, instead, did not show positive signs in comparison with their levels at the beginning of September. Most stock markets in peripheral countries, and surely in Asia, fell even further. The renewed and aggressive repartition of the world market looks to become a battle between the "West", first of all the USA, against the "Rest". In the near future, there will not even be room for all transnationals. In this new world war, exclusion acquires a new geographic, social and political design.

The war against terrorism will not be able to avoid an in-

ternational recession. A more aggressive redistribution of existing markets and wealth will imply an unavoidable slowdown of global demand, and so provoke a recession on a world scale. It may even lead to a more prolonged world recession, that is to say, an economic depression. War against terrorism, as a means of redistribution of the world market, makes exclusion more visible and severe than abstract market mechanisms did. Aggressive neoliberal measures acquire a more military and political face than economic ones, and make the process of exclusion visible. The use of military power becomes an essential element of the ongoing redistribution of the existing world market. As a consequence, as time goes by, legitimisation becomes more difficult.

Asymmetry in the war against terrorism requires more intelligence than armaments. It does not justify an anti-rocket shield. Political justification of that is essentially due to the ongoing recession in the USA. Defence expenditures have to substitute the slowdown of consumption in the private sphere, and may reactivate the US economy for several years. This permits and supposes a more centralised government regulation in the USA to force further economic deregulation in the rest of the world. Sooner or later, however, armaments have to be sold to redistribute their unproductive costs. This implies the necessity of a prolonged war scenario, as announced by the Bush administration. Worldwide legitimating difficulties will become more severe, and movements against this stage of aggressive globalisation will gain space at a world level.

> Aggressive neoliberal measures acquire a more military and political face than economic ones, and make the process of exclusion visible

While armaments are sold outside the USA, world growth will slow down even more, and world recession will become more severe and prolonged. Protectionist, nationalist and regionalist responses will become ever-more generalised, affecting dominant transnational interests. The case of Argentina will show that neo-liberalism unavoidably leads to protectionism. The war spiral cannot avoid global downturn nor protectionist responses, and sooner or later will push even the US economy into a severe recession. Transnationals of any country will be the biggest loosers of protected markets. Exports will fall severely, uncountable debts will have to be written off, and dominant financial capital will show far bigger losses than in the thirties. It will look to be the end of transnational and financial capital just as the depression of the thirties and Second World War made an end to colonialism. An alternative will appear to be unavoidable.

Buenos Aires, Argentina © Walter Astrada STF / Keystone

Demonstrators shout anti-government slogans, Thursday, Dec. 20, 2001 at Buenos Aires' Plaza de Mayo. President Fernando De la Rua declared a state of siege Wednesday, seizing special powers to deal with widespread rioting and looting sparked by a deepening economic crisis. At least six people were killed and 100 injured in a day of violence.

The utopia of an alternative in the midst of war

What kind of alternative may we expect? It is worthwhile to remember that liberalism in the late nineteenth century and the beginning of the twentieth was export-oriented as well. About eighty percent of exports were agricultural products. In the same way as the depression of the thirties and consequent Second World War induced protectionism in agriculture in the North, worldwide protectionism in the North and South not only in agriculture, but in industry and even services as well, may be expected in the future. Neo-keynesian voices will emerge, focussing first of all on a better income distribution on a world scale, banning speculative capital and fiscal paradises, and looking

for stability in currencies. But they will have one big problem to resolve: how to link up investments with productive sectors on the basis of competition. The only way out will be a new economic rationality.

During the keneysian period, technological substitution gathered speed as the motor of growth and capital accumulation in a more inclusive (Northern) world. As the costs of capital substitution grew faster than productivity, benefit rates fell. Neoliberal redistribution of markets and wealth gave a temporary outcome to profit rates of dominant capital. The New Economy (information and communication) in the meantime was expected to resolve new impulses in productivity growth. The contrary occurred: technological substitution and consequent costs grew even faster than general productivity. As a consequence, losses in the stock market are more severe in this sector than in the Old Economy. Share prices of capital equipment, electronic components and electronic equipment fell more than 40% between the end of October of 2000 and 2001 in industrialised countries. Data processing shares lost almost 20%, while gold mines and other (non-ferrous) metals were the big winners, with almost 30%.

Technological lifespan nowadays is close to zero, and so also is competition on the basis of the permanent acceleration of technological substitution. Possibilities of further technological substitution have come to an end, and with this, capitalist rationality. Production forces cannot be developed any more under the existing economic rationality. The only solution is a slowdown in technological substitution, even to save profits in a first stage. As of then, it makes less and less sense to regulate technological knowhow by intellectual property rights. Intellectual property may become world patrimony, as Keynes had already pointed out as a necessity. The essence of most unequal development may disappear with it. With a longer lifespan of technology and products, competition sooner or later will depend almost only on the quality of products.

If economic rationality is no longer based on technological substitution, exchange value will lose importance as the carrier of profits, and use value will become the more dominant aspect of values. If product and technology lifespans grow, a lower income in the North does not imply less wellbeing. Growth in the North may become negative, with gains in wellbeing. Negative growth may give gains in sustainability of wellbeing, freeing money and natural resources to stimulate more equal growth in the South. Money will have less and less value for reinvestment in the North and will flow to the South. As a result, the economy may be transformed to serve the people, and may be managed democratically by people instead of sacrificing people to the economy. Worldwide democracy in its form and content becomes possible from then on.

With a longer lifespan of technology and products, competition sooner or later will depend almost only on the quality of products.

The battle for inclusion at any cost and the struggle for an alternative with a place for all

Rather than dreaming about an utopia about a world with place for all, social movements need to analyse the actual world situation. We are in an excluding world with room for less and less people. There is even the danger that there is not enough room for all dominant capital. In a world where there is no room for all, two roads are open. One is to create a world with at least enough room for those who think they have more right to exist. This road implies ever-stronger exclusion – political, economical and military. It implies a radicalisation of the free market to the benefit of the chosen nation, race or civilisation. The second road is to seek a different economic rationality, to create a world with room for all. This seems the most logical but the less plausible choice, and it will become a clear target of struggle the more the first road appears inevitable.

Nowadays we are on the first road. Neoliberal exclusion policies have acquired a clearer geopolitical expression since the Asian crisis of 1997. A world where there is less room for all dominant capital to conquer the world market becomes more aggressive. This context induced the monetary bombing of "Asian Tigers" currencies and implied the beginning of a new kind of world war aimed at the economic submission of the East Asian economic block to the dominant Western interests. It left not only the Tigers but even Japan in a chronic economic recession. It meant a process of globalisation with progressive geopolitical confrontation of "the West against the Rest". One year earlier, Samuel P. Huntington published a book

the economy may be transformed to serve the people, and may be managed democratically by people instead of sacrificing people to the economy. Worldwide democracy in its form and content becomes possible from then on

under this title, and justified the confrontation in ideological terms, preparing an ongoing political and even a military process to deepen the repartition of the world market.

The "invisible hand" of economic fundamentalism strangles whole national economies and implies what Jean Ziegler as a special rapporteur of the United Nations calls a gradual deliberate slaughter, a silent genocide and a crime against humanity. It is a kind of official invisible terrorism. The attacks on New York and Washington on September 11 have to be condemned as well as official terrorism. These terrorist acts, attributed to Osama bin Laden, have a clear message: if there is no place in this world for our civilisation, culture and religion, there will be no place either for the dominant civilisation, religion and culture, not even the most invulnerable ones. Official terrorism thus generates the terrorism of the dominated. Both forms of terrorism reaffirm the ongoing process of exclusion. Neither points to an inclusive alternative. The social movement struggling for an inclusive alternative cannot but reject the exclusion of terrorism wherever it comes from.

The immediate official answer that "Those who are not with us in the war against terrorism are with the terrorists" closes the vicious circle of terrorism, and leaves no real alternative for a more inclusive world with room for all in equity. Why was the prolonged war against terrorism anywhere declared? Because economic fundamentalism alone reached its limits at the end of the nineties, and needed to expand into more explicitly ideological, cultural, religious and even military spheres. In Huntington's view rivalry between economic blocs had to spill over economic borders as the world market progressively became absorbed by economic blocs with different cultures and religions. Repartition of the world market by economic measures alone had showed its limits, and more open confrontation seemed unavoidable. The threat for the West, according to Huntington, would come first of all from Islamic fundamentalism, but as well from Confucianism, that is, from Northern Africa, through the Middle East and on to the Far East, including China. Afghanistan is actually situated between both religions. Huntington concluded that the West (in the first place, the USA) has to show its supremacy as a civilisation in economic cultural, political, military and cultural spheres at the same time.

The neoliberal process of exclusion and silent genocide becomes more visible when it is not just managed by an "invisible hand". It has to be justified by the superiority of the chosen cultures, religions, races or civilisations, and so, tends to degenerate into neo-fascism.

This danger of a "clash of civilisations" on the basis of terror is the most perverse battle. The inclusion of the chosen at the cost of anything and everything will be almost impossible to legitimate in the long run. As time goes on, legitimisation becomes much harder, even in the supposed chosen nation, culture or civilisation. With ongoing economic recession, dominant capital interests will leave no room even for their own people. The crisis of legitimisation will become unsustainable everywhere. Consciousness will grow that nobody will be saved in this world. It will become clear that, if we want to save ourselves as a person, culture, religion, nation or civilisation, there is no other alternative than to save and give space to the other person, culture, religion, nation or civilisation. In this context, it will become clear that the only way out is to look for an inclusive alternative based on tolerance and solidarity. And it is precisely the social movement and its struggle that will develop and anticipate this process.

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Prospects of contemporary social movements in a violent and excluding world

The repartition of the world market not only divides the West and the East. It also confronts the big powers of western capital. A new repartition of the world market will unavoidably imply a growing confrontation of the interests of western transnationals and finance capital. As we already saw with the MAI and the WTO, the space for negotiated multilateral agreements without the use of extra economic forces closed up. Criticism of multilateral institutions has become more and more frequent since 1997, even amongst the powerful. The triumphal neo-liberalism of the first half of the nineties has given way to ongoing criticism and generated a legitimisation crisis of the Bretton Woods institutions.

In this context, the global justice movement was able to emerge and to propose alternatives. The "silent" struggle against the MAI and the conflict of interests between industrialised countries in the OECD meant that in 1998 there was no agreement at all. The emerging global justice movement had its first triumph. This led in January 1999 to "the other Davos" (an alternative to the of World Economic Forum held in Davos, Switzerland since the seventies). At the end of 1999, at the WTO world meeting in Seattle, the big powers tried to force agreement on their own conflicting interests but failed to obtain it. "The other Davos" grew into the World Social Forum, held for the first time in January 2001 in Porto Alegre, Brazil, where the global discussion about the movement's horizon of and alternatives to neo-liberalism came of age.

After Seattle, the global justice movement emerged around the world, and grew in quantitative and qualitative terms. Protest movements organised themselves around concrete specifics. The simple sum of particular struggles will not change economic rationality. Awareness of the necessity to integrate particular struggles implies long-term agendas. Long-term agendas require the definition of common mid- and long-term goals. This process of defining short- and long-term goals leads gradually to a more explicit new utopia. Since Seattle, more and more social forces entered the global justice movement. Coordination and cooperation strengthened between ecologists, trade unionists, feminists, students, Indigenous and human rights organisations, small farmers, and so on. Bit by bit, a process of globalisation from below emerged with a renewed and strong belief that another and just world is possible. The protest movement is gradually transforming itself into a movement with long-term propositions.

Bit by bit, a process of globalisation from below emerged with a renewed and strong belief that another and just world is possible.

The radical nature of a global movement from below does not consist in violence but in radically changing the existing economic rationality. The problem is that the struggle for an inclusive alternative based on tolerance and solidarity, must develop in the midst of growing violence. The struggle to include the chosen at any cost generates terrorism of all types. This radical process of survival of the strongest at any cost becomes progressively more illegitimate as time goes by. It will become evident that, on this basis, there is no way out not even for dominant capital, as we already mentioned. Such an outcome may take time, but it will create the objective conditions for implementing an alternative.

Neo-keynesian alternative proposals will emerge to produce centralised planning and markets to preserve the existing rationality of capital accumulation in a more inclusive world context. These attempts will fail on the limits of ongoing technological substitution. The historical alternative of centralised planning without mediation by market mechanisms, as developed in real existing socialism, showed the limits of the substitution of the pure liberal market by a system entirely based on centralised planning. Vertical centralised planning was unable to place the economy at the service of people and by people at the same time. It meant the substitution of one totalitarian system by another.

The future will probably reveal a more dialectical outcome in this historical process. The radical character of the alternative consists not only in a changed economic rationality, derived from the exhaustion of technological substitution, as we already pointed out. This process of exhausting production forces surely implies another way of "taking" power. It will be radical but probably gradual and not necessarily violent. In the desired utopian society, the economy must be placed gradually in the service of the people and controlled by the people. It cannot be a preconceived model, to be installed at any price; that would easily lead to a new totalitarian system. Rather, it means a worldwide democratic process, not only in form but principally in content. Which leads us to our last conclusion: if the utopia is to be a democratic outcome of a process, social movements cannot struggle for it with an advance guard based on exclusion and vertical structures. This implies a radically different concept of what constitutes an advance guard. It will require a more horizontal and inclusive concept of leadership. •

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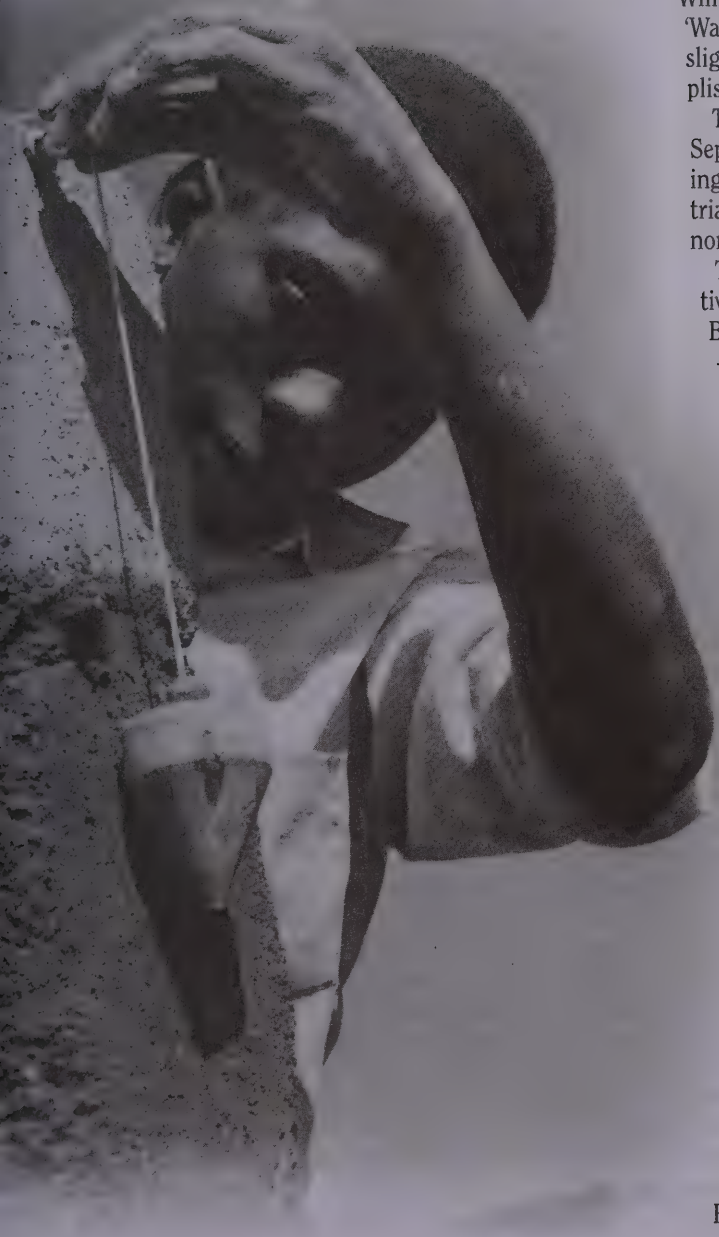
THE SEARCH FOR FAIR FINANCE

BY PATRICK BOND



In March, Mexican president Vincente Fox hosted the Financing for Development Conference in Monterrey. He was joined in guiding discussions by his controversial predecessor Ernesto Zedillo, by co-facilitators Trevor Manuel (South Africa's finance minister) and Michel Camdessus (former IMF managing director), and by the main author of the mild-mannered conference document, John Williamson, the economist who coined the term 'Washington Consensus'. Not surprisingly, aside from a slight bit more US aid, nothing significant was accomplished.

To understand why requires us to look at the post-September 11 global balance of forces. We find a disturbing shift of geopolitical logic to the US military-industrial complex, with the worst echoes of Wash-Con economic power plus rising US protectionism.

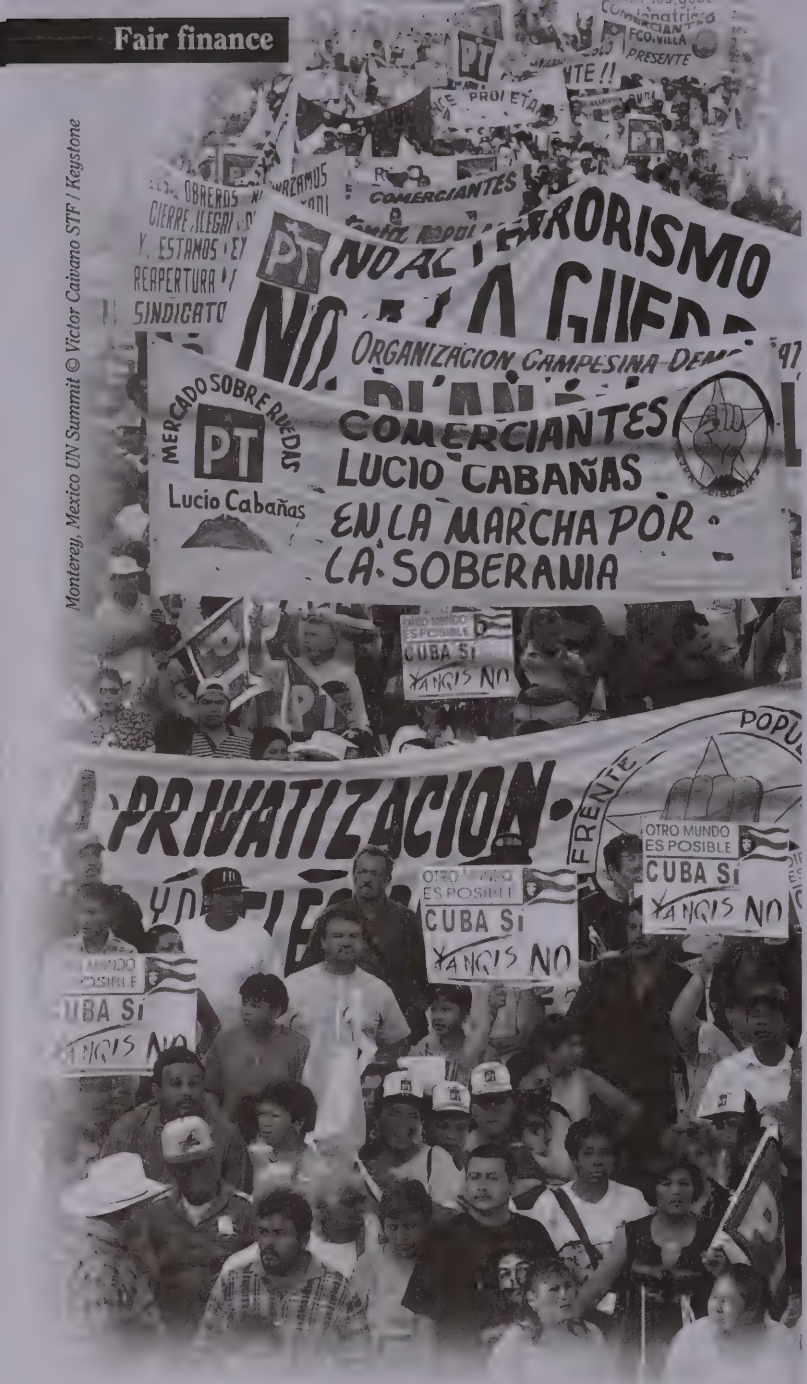
The biggest question that Third World social-justice activists ponder is whether, in these trying times, the Bretton Woods Institutions – the World Bank and IMF – have made a turn towards 'pro-poor' strategies, as they regularly claim.

In April, at the institutions' spring meeting in Washington, civil society groups in the Structural Adjustment Participatory Review Initiative answered decisively, No! The Jubilee South-initiated International Debt Tribunal called for total debt cancellation and the closure of the Bank and Fund. The "World Bank Bonds Boycott" gained more momentum when more large US cities agreed not to profit from Bank bonds in their investment portfolios.

But because of the adverse balance of political power in the world economy, this is a long struggle.

The bloc of neoliberal international elite managers appears to be holding the Washington Consensus line, notwithstanding the temptation of many on the far right – like George W. Bush – to apply proto-fascist formulae to both geopolitics and economics. The US economy had fallen into recession well before the September 11 catastrophe, and a "double-dip" back in 2002 was a distinct possibility given the failure of the EU, Japan and many other countries to compensate.

Helping to bolster the sole superpower's claim to economic predominance was ally Tony Blair and his chancellor of the exchequer, Gordon Brown. The Federal Reserve Board's chairperson, Alan Greenspan,



Monterrey, Mexico UN Summit © Victor Caivano STF / Keystone

Several thousand protesters march against globalisation, neoliberalism, privatisation and other causes outside the UN International Conference on Financing for Development in Monterrey, Monday, March 18, 2002.

lowered interest rates urgently, while US treasury secretary Paul O'Neill gave rich individuals and large corporations huge tax cuts to keep happy and keep spending, and started a protectionist war with a 30% tariff on steel imports.

The leaders of the Bank, IMF and WTO – James Wolfensohn, Horst Koehler and Michael Moore – maintained their devotion to corporate and banking power, and often specifically US economic interests. Neoliberal apologists appeared generally unmoved by the unfolding economic crisis.

Genuine reform under the leadership of this crew appeared impossible. In the wake of the September 1999 firing of Bank chief economist Joseph Stiglitz, it is hard to take seriously any notion that the Bretton Woods Institutions can make fundamental changes from within.

At that point, two years before he won the Nobel Prize in economics, Stiglitz had criticised IMF structural adjustment policies and crisis-management in East Asia and Russia. Bill Clinton's treasury secretary, Lawrence Summers, immediately met with James Wolfensohn over the latter's desire for a second five-year term, and soon thereafter Stiglitz was dismissed "with a fig leaf", in the words of Columbia university economist Jagdish Bhagwati: "a sorry episode". Insiders say that Summers insisted that Stiglitz simply had to leave if the US was to support the Wolfensohn reappointment.

The short-lived "post-Washington Consensus" philosophy that Stiglitz introduced was not particularly radical, as it simply posed the need for state intervention in the event of market failure and for more attention to "sustainable development" goals like equity and environmental protection. But the 2001 Nobel award he shared with two other US economists recognised Stiglitz's "information-theoretic" approach to markets, which does fundamentally undermine the neoliberal faith in self-correction, deregulation and growth. The main point is that "asymmetry" between market players can lead to large-scale distortions – and hence Stiglitz-style policy prescriptions are generally limited to more transparency, more competition and a bit more government regulation to eliminate those distortions.

While not a movement-builder himself, Stiglitz won a following from other economists who pushed slightly heterodox viewpoints, but squarely from within the general framework of neoliberalism. Jeffrey Sachs of Columbia, and Paul Krugman of Princeton and the *New York Times* stand out.

Other international reformers were aware of widescale market failure. Financier/philanthropist George Soros, at least one national G-7 leader – France's Lionel Jospin – and UN secretary-general Kofi Annan all suggested imposition of a "Tobin Tax" on international financial transactions. This was not merely an abstract theoretical problem, at a time when Argentina defaulted on its foreign debt, in the wake of other high-profile national bankruptcies: Ecuador (2000) and Russia (1998).

Just as worrisome, a currency crisis emerged in South Africa, when Manuel's allegedly "sound macroeconomic policy" was also reduced to rubble during 2000-01 and the value of the rand slipped by half. Restoring tough exchange controls against the unprecedented capital flight, so as to deter rich white people from expatriating their apartheid-era wealth from the New South Africa, proved just too trying a challenge for Thabo Mbeki, as a function of the prevailing ideology and power relations.

His response was to promote a Washington-friendly New Partnership for Africa's Development, which was quickly delegitimised by Mbeki's inexplicable HIV/Aids policies and his support for the March election theft in neighbouring Zimbabwe. Still, the G8 Summit in Canada requires a Third World front man, and Mbeki may have to fill that void.

The resurgent Far Right, meanwhile, proved to be just as durable an affliction as economic crisis, and the more the latter spread the happier the former appeared. This political tendency gained great momentum in Washington when the Supreme Court selected Bush as US president in December 2000. The five justices, who overruled the citizens of Florida and the majority of US voters in that election, were all chosen by the new president's father a decade earlier.

Bush had a right-wing flank of his own to worry about,

led by commentator and perpetual candidate Patrick Buchanan, and a powerful reactionary Republican bloc in the US Congress centred around Tom DeLay, Jesse Helms and Trent Lott – who all mainly saw the World Bank and IMF as agencies behind a socialist plot to promote cheeky Third World leaders. Internationally, Jorg Haider in Austria and Jean-Marie le Pen in France mirrored this bizarre, reactionary tendency, which got a new breath of life in France during the first-round April presidential elections.

The Far Right had become dangerously resurgent thanks to the lunatic-fundamentalist Islamic group Al-Qaeda which hijacked four airplanes on September 11. While on the surface it first appeared as a blow to official US morale, the terrorist attacks soon provided justification for establishing something akin to a police state, which Bush and his big business allies warmly welcomed.

What were Third World elites up to at this stage? A few nationalist leaders – Jean-Bertrand Aristide, Fidel Castro and coup-survivor Hugo Chavez in the Caribbean corner of Haiti, Cuba and Venezuela, respectively – regularly spoke from the Left. Robert Mugabe became notorious for his "Talk Left, Act Right" approach to politics, including a notorious electoral theft in March.

Most notably, though, Malaysian leader Mahathir Mohamad – an anti-Semitic authoritarian – showed in 1998 that capital controls could be implemented in a major emerging market without the threat of US military intervention. Nigeria's Olusegun Obasanjo made some anti-systemic sounds as head of the Group of 77 developing nations and when in February he broke with the IMF because of an apparent desire to spend more state money in the run-up to a presidential election. Vladimir Putin sometimes appeared anxious to break from the lock-step of Russian neoliberalism, but also bonded well with US imperialism.

After adding up a variety of these small-scale nationalist projects, the sum is not yet sufficiently impressive at the global scale to merit much attention. The hope that India would lead a Third World revolt against the World Trade Organisation – as Zimbabwe had done in Seattle in December 1999 – was dashed in Doha, Qatar last November, and again in March when the government changed course on genetically-modified food.

Who, then, can catalyse substantial social change in an era of disempowered states, extreme international economic chaos and additional military-induced suffering? Little hope appeared from those immediately to the left of Washington: the existing set of national rulers and nationalist leaders, conscientious establishment intellectuals and philanthropists, or international agencies. Instead, the "global justice movements" – often misnamed "anti-globalisation" – still represent the best prospects for resolving the global crisis.

What is continually acknowledged by global-justice activists, is that while enormous progress has been made in identifying the world's most substantial social, environmental and economic problems since the movements began building several years ago, subsequently, *mass consciousness-raising and protest have not yet translated into substantive change.*

Cognisant of the hostile power relations, most activists are humble about the extent to which they imagine that global elites really want help from those marginalised by their system. In short, it is now clear, the elite-reformist gambit is doomed to fail *because nothing is really on offer.*

The most dynamic forces within the movements have arrived at that simple realisation – not only because of high-profile battles in London, Cologne and Seattle (1999); Washington, Melbourne, Prague and Nice (2000); Gothenburg, Quebec City, Genoa and Brussels (2001), and New York and Barcelona (2002) – but because of the conditions that gave rise to "IMF Riots" and massive anti-neoliberal protests across virtually the entire Third World over the past two decades.

For many Southern social and labour movements, Seattle was a catalyst to transcend the IMF Riot as knee-jerk protest against neoliberalism. Instead, mass-democratic activist responses have characterised the subsequent protests, which have featured anti-neoliberal programmatic demands. In some instances, particularly in Latin America (Bolivia and Ecuador), the activism reached a near-insurgent stage; in other sites (South Africa, Nigeria and India), many millions of workers became involved in mass strikes against neoliberalism; in yet other protests (South Korea, Brazil, Turkey, Argentina), tens of thousands of protesters took to the streets in waves of militancy.

What are the prospects for a genuine alternative? The place to find ideas is in local social struggles. Writing from Johannesburg, it appears to me that a series of strategic principles of social justice are beginning to take the following forms:

- "deglobalisation of capital" and decommissioning of the multilateral agencies that work most aggressively on behalf of transnational capital;
- delinking from those circuits of finance, commerce and direct investment that actively *underdevelop* Africa;
- denuding South Africa of its explicitly sub-imperialist role in the region and denying Pretoria the pretention that by joining the neoliberal project, on terms largely dictated by Washington and the world's financial markets, Africa as a continent will progress; and
- "decommodifying" – i.e., making free at a basic lifeline consumption level – access to the basic goods and services that we all need to survive, and in the process defining a generous social wage to which all people have a human right.

South Africans who host counter-summit events at the time of the World Summit on Sustainable Development in late August will desperately need the solidarity and vision of progressives across the world. Only with comparisons of the sort that began in the Porto Alegre World Social Forum meetings can we take forward the search for fair finance and for a different, non-commodified world.•

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OUT OF THE VICIOUS CYCLE OF DEBT

India © WCC Photo

BY ERIC TOUSSAINT

BREAKING THE INFERNAL CYCLE OF DEBT

The champions of neo-liberal globalisation tell us that the developing countries (in which they include Eastern Europe) must repay their external debt if they wish to benefit from constant flows of funding. In fact, ever since the debt crisis in 1982, the flows have been going from the periphery to the centre and not the other way, as the leaders of the international financial institutions would have us believe. In the last two decades, there has been a massive net transfer of wealth from the periphery to the centre. The mechanism of debt repayment has become a powerful addition to those previously in operation (unfair trading, exploitation of natural and human resources, the brain drain, repatriation of profits to the parent company, etc.) Since 1982, the populations of the periphery countries have sent their creditors the equivalent of several times the Marshall Plan,[1] with the local capitalist elite skimming off their commission on the way.

Close scrutiny reveals that the Third World's debt is slight compared to the historic social and ecological debt owed it by the rich Northern countries. In 2001, the Third World debt (former Eastern bloc countries not included) comes to about 2100 billion dollars (of which about 75% is public debt). This is merely a small percentage of the world debt, which totals more than 45 000 billion dollars. (The total sum of public and private debt for the USA alone totals 22 000 billion dollars). If the Third World's external public debt were to be entirely cancelled without indemnifying the creditors, it would be a paltry loss of barely 5% in their portfolios. On the other hand, to the populations liberated at last from the burden of debt, those sums, which could be used to improve health and education, create jobs, etc., would mean a lot. Indeed, the repayment of the Third World's external public debt represents, on average, expenditure of about 200-250 billion dollars a year, that is, about 2-3 times the amount required to satisfy basic human needs as defined by the United Nations.

Some claim that debt cancellation leads to permanent exclusion from access to international capital. No serious study of the history of debt crises underlies this claim.

Between the end of the 18th century, when the United States of America cancelled their debt towards the British Crown, and the end of the 20th century, when part of Poland's debt was cancelled in 1991, numerous debt cancellation measures have been taken, with no adverse effects on the availability of external private finance.

On the contrary, the historical precedent for debt cancellation has shown its advantages. Take, for instance, the cancellation of 51% of Germany's war debt in 1953, which made a significant contribution to German economic recovery.

Other historical precedents exist: the Russian state debt in 1918, the war debts of the United Kingdom and France, the debts of the South American states after the 1929 Wall Street crash, etc. All those countries experienced considerable economic development after the cancellation measures.

Furthermore, the threat means nothing to most Third-World countries, which have had hardly any access to that capital for years. The UNDP states that "only 25 developing countries have access to private markets for bonds, commercial bank loans and portfolio investments" (UNDP, 1999, p.31). Note that the UNDP includes the East European states in the 25 countries mentioned, and that the total number of developing countries, as they define them, is 180.

According to the United Nations, in 1999 the 48 least developed countries (LDC), with their nearly 600 million inhabitants, received only 0.5% of foreign direct investments (FDI) destined for developing countries (DC). Indeed, the DC's share of FDI has been in constant decline over the last three years – while the rich countries get 80% of these flows.

For the handful of Third-World countries with access to international capital (China, Brazil, Mexico and Thailand received more than 50% of FDI flow in 1998), 80% of foreign direct investment input is accounted for by the acquisition of pre-existing businesses taken over by multinationals of the most industrialised countries. This does not result in job creation, quite the opposite.

Furthermore, these acquisitions imply a loss of national control over the productive infrastructure. Not to mention the highly volatile and speculative nature of the other capital flows (which is one of the lessons of the financial crises of the 90s).

Restricting this type of flow would do no harm to the economies of these countries. These unproductive, even damaging, flows should be replaced by alternative sources of funding so as to significantly reduce dependence on financial markets and the Bretton Woods institutions.

Racos, Romania © Peter Williams / WCC

Jonas Zsigmand, one of the organisers of a farming cooperative in the small village of Racos, 60 km north of Brasov, Romania.

Odious Debt

Debt cancellation is all the more legitimate in that it can be justified by several legal arguments, including the notions of "odious debt". State debts contracted against the interests of local populations are judged unlawful. According to Alexander Sack, who theorised this doctrine, "If a despotic power contracts a debt not in accordance with the needs and interests of the state, but to strengthen the despotic regime, to repress the population who are combating it, this debt is odious for the population of the whole state. This debt is not an obligation for the nation: it is a regime's debt, the personal debt of the authorities which contracted it; consequently, when the regime falls, the debt becomes null and void." (Sack, 1927).

Thus, debts contracted against the interests of the population of the indebted territory are "odious" and, in the case of a change of regime, the new authorities are not held to repay them.

The notion dates back to the end of the 19th century when the United States gained control of Cuba after a war with Spain. The latter demanded that the victor take on the Cuban debt towards the Spanish crown, in accordance with international law. The United States negotiating commission refused to do so on the grounds that the debt was "a burden imposed upon the Cuban people without their consent".

The commission argued that "the debt was incurred by the government of Spain for its own interests and by its own agents. Cuba had no say in the matter." The commission added that "the creditors accepted the risk of their investments".

Later, in the thirties, an international court of arbitration in which Judge Taft, president of the United States supreme court, took part, declared that loans made to President Tinoco of Costa Rica by a British bank established in Canada were null and void since they had not served the country's interests but the personal interest of a non-democratic government. On this occasion, Judge Taft declared that "The case of the Royal Bank rests not simply upon the form of the transaction, but upon the bank's good faith at the time of the loan for the effective use of the Costarican government under Tinoco's regime. The bank must prove that the money was lent to the government for legitimate purposes. It has not done so." (Judge Taft, quoted in Adams, 1991, p.168).

The legal regimes (recognised lawful governments) which followed the dictatorships of South America in the '80s (Argentina, Uruguay, Brazil, etc.) should have drawn upon international law to have their odious debts cancelled. A large portion of these countries' loans were directly embezzled by the local élites with the collusion of the Northern banks, who used their financial know-how to help them effect their fraudulent operations.

Force majeure

Another means provided by the law in support of debt cancellation and stopping repayments is to use the argument of "force majeure". This principle of international law acknowledges that a change in the conditions of a contract may render it invalid. This means that contracts requiring the fulfilment of a succession of future commitments are subject to the condition that the circumstances should remain unchanged. (In common law, there are several doctrines based on a similar principle, including "force majeure" (circumstances beyond one's control), "frustration", "impossibility" and "non-feasibility".) "Force majeure" quite clearly applies to the debt crisis of the '80s. Indeed, the fundamental causes of the debt crisis from 1982 were two exogenous factors: the dramatic rise in interest rates imposed world-wide by the United States government from the end of 1979, and the drop in export prices for the periphery countries from 1980 on. Both these factors were instigated by the creditor countries. They are cases of "force majeure" which fundamentally modify the situation and prevent the debtors from fulfilling their obligations.

Ivory Coast © J. Maillard / ILO

An information meeting in a cooperative Ivory Coast.

A NEW DEVELOPMENT STRATEGY

Instead of the present development strategy, which consists of the creditors forcing Southern countries to adopt neo-liberal type adjustment programmes, an endogenous and integrated development strategy should be embraced. The change would be implemented in three stages:

• *End structural adjustment policies:* Structural adjustment programmes (SAP) result in the weakening of states by making them more dependent on external fluctuations (world market movements, speculative attacks, etc.) and by subjecting them to conditionalities imposed by the IMF/World Bank duo, backed up by the governments of the creditor countries grouped within the Club de Paris.

SAPs deliver up the economies of the Third World to the appetites of the great multinational firms. Far from solving the problem of indebtedness (the Third-World debt has quadrupled since the first SAPs were set up, even though it has been repaid six times over the same period), they entail massive redundancies and drastic cuts in social budgets. They prevent any real human development.

The UN Human Rights Commission has repeatedly adopted resolutions concerning the debt problem and structural adjustment. In a resolution adopted in 1999, the Commission states that "For the population of an indebted country, the exercise of their basic rights to food, housing, clothing, work, education, medical care and a healthy environment may not be subordinated to the application of structural adjustment programmes and economic reforms generated by the debt." (1999, Art.5).

The UN secretary general, for his part, writes that "The UN Special Investigator on Structural Adjustment clearly shows that structural adjustment programmes, recommended by the international financial institutions, have a patently negative influence (directly and indirectly) on the fulfilment of economic, social and cultural rights and are incompatible with the fulfilment of those rights." (UN, secretary general, 1995, p.66, quoted by Chris Jochnick, 2000, p.136).

Furthermore, according to the UN, certain conditions fixed by the creditors and the funding agencies constitute a violation of the right to self-determination of the populations concerned: "Every country has a sovereign right to dispose freely of its natural resources for its economic development and the welfare of its people; any measures or external economic or political pressures which are brought to bear against the exercise of this right is a patent violation of the principles of self-determination of peoples and of non-intervention as stated in the UN Charter (...) Those measures include economic pressure aimed at influencing another country's policies or at controlling the main sectors of its national economy. Economic and technical assistance, loans and the increase of foreign investments must be provided without the imposition of conditions which go against the interests of the receiving country." (secretary general 1995: 165, 171, 173).The human consequences of structural adjustment programmes are incontestably negative. They must therefore be stopped.

• *Adopt partly self-based development models:* such models entail constructing sufficiently solid internal economic foundations to allow the country to open up to international trading.

This type of development involves creating politically and economically integrated zones, bringing to bear endogenous development models, strengthening internal markets, creating local savings funds for local financing, developing education and health, setting up progressive taxation and other mechanisms to ensure the redistribution of wealth, diversifying exports, introducing agrarian reform to guarantee universal access to land for small farmers and urban reform to guarantee universal access to housing, etc.

Today's global architecture, structured on the idea of a "periphery" which is forced to provide raw materials and cheap labour to a "centre" that has all the technology and capital, must be replaced by regional economic groupings. Only such self-based development would allow South-South relations to emerge, which is the condition sine qua non for the economic development of the Third World (and therefore, by extension, the world). These integrated zones could establish regional authorities with powers of economic and social regulation.

• *Act upon trading practice:* the existence of unfair exchange between the most industrialised countries and those of the Third World is one of the fundamental causes of the latter's indebtedness. Unequal exchange creates a structural deficit in the balance of payments: imports grow faster than exports, leading to indebtedness.

The historical tendency to downgrade the terms of exchange must be brought to an end. To do this, mechanisms guaranteeing a better price for the basket of products exported on the world market by developing countries must be introduced. (These might include stabilising the prices of raw materials, building up regulatory stocks – which means doing away with zero stocks, etc.)

As long as no such concerted mechanisms are in place, the developing countries' efforts to establish cartels of pro-

ducer countries must be actively encouraged. The creation of such cartels could simultaneously result in a reduction of the quantities exported and an increase in export revenues that the beneficiary countries can reinvest in development. The countries of the periphery must have access to protection measures for their local production.

Concerning agriculture, *La Via Campesina* [2] is right in demanding that the right of each country (or group of countries) to nutritional autonomy and self-sufficiency in staples be recognised. This implies protection measures for imports, in total opposition to the minimal agricultural export quota of 5% imposed by the WTO on member countries.

The rules of global trading must be subordinate to strict environmental, social and cultural criteria. Health, education, water and culture can have no place in the field of world commerce. Public services in the general interest are a guarantee of fundamental rights and as such must be excluded from the General Agreement on Trade and Services (GATS).

Furthermore, the Trade-Related Intellectual Property Rights (TRIPs) agreement should be abolished, aspects of which allow the North to appropriate the rich natural resources of the South and prevent the Southern countries from freely producing goods (such as medicines) to satisfy the needs of their populations.

New rules of good financial practice

The repeated financial crises of the '90s proved by their absurdity that there can be no sustainable development without strict controls of capital movements and tax evasion. Several strategies are therefore required to subordinate the money markets to the fulfilment of basic human needs.

• *Re-regulate the financial markets:* the deregulation of the money markets has led to the inordinate development of financial speculation. It is time to re-regulate the money markets, beginning by establishing a means of tracing all financial operations (to determine who does what and for what purpose), then regulating accordingly.

• *Control capital* movements to avoid the devastating effects of the remorseless ebb and flow of international capital.

Article VI of the IMF statutes explicitly recognises the merits of a government adopting measures to control capital movements. The article permits a member country of the IMF "to exercise strict supervision of international movements of capital in order to regulate them".

An appropriate measure would be to establish a temporary obligatory deposit, whereby every capital entry would be conditional upon an accompanying deposit for one year of 30% of the sum invested. After a year, the deposit would be returned to the investor (encouraged to invest only in the long term). The deposit would not earn any interest.

Numerous other control measures exist, for example the obligation to hold shares and bonds for a minimum of one year before selling them on, the limitation of currency exchange to commercial transactions (excluding financial operations), heavy taxation in the case of excessive fluctuation (as proposed by the economist Bernd Spahn), etc.

• *Eliminate tax havens* which contribute to inflating the financial bubble and weakening the legitimate economies (between 500 and 1500 billion dollars are laundered each year). To effect, this, states must use the clearing houses to identify transactions originating from tax havens and tax them heavily, to counteract any advantage to be got from such dishonest fiscal policies. At the same time, bankers' rule of secrecy should be removed to combat tax evasion, embezzlement of public funds and corruption more efficiently.

• *Adopt rules to ensure the protection of countries which have recourse to external loans:* external indebtedness may be justified if decided democratically by the countries concerned. However the use the borrowed money will be put to must be organised according to principles radically different from those that have hitherto prevailed.

Two new principles must be adhered to. First, a "reverse" conditionality: the obligation to repay and pay interest on these loans, made at low rates of interest and below market conditions, will only be valid if the debt is proven to have enabled sufficient creation of wealth in the countries concerned.

Second, the lender countries should organise strong and efficient protection for the developing countries on an international scale, to enable the latter to defend themselves against all forms of abuse and despoilment by banks, private international investors or the international financial institutions. •

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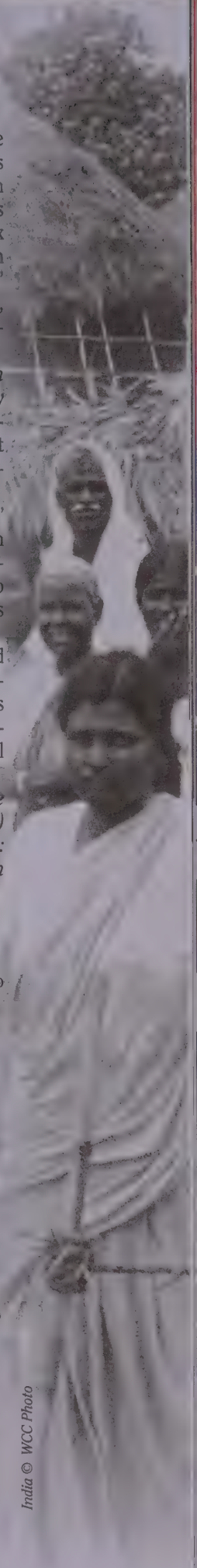
More info on the COCAD website:
http://users.skynet.be/cadtm

Notes:

1.The Marshall Plan (1948-1951) was the brainchild of the US. President Harry Truman's administration under the name of the European Recovery Program. It was later to be known by the name of the secretary of state at that time, Georges Marshall (who was chief of General Staff from1939 till 1945), charged with implementing it. Between April 1948 and December 1951, the United States granted aid worth 12.5 billion dollars, in the form of loans to sixteen European countries. The Marshall Plan's aim was to facilitate the reconstruction of a Europe devastated by World War II.

Considering that the equivalent of 1 dollar in 1948 would be 6.28 dollars in 2001, the cost of the Marshall Plan in 2001 would be 78.5 billion dollars. If all debt repayments made by the Third World in 1999 are taken into account, i.e. 300 billion dollars (Source : World Bank, GDF, 2000), they would have paid their industrialised country creditors the equivalent of about 4 Marshall Plans that year alone. By the same token, since 1980, 43 Marshall Plans (more than 3.450 billion dollars) have been sent to the creditors of the centre by the peoples of the Third World.

2. *La Via Campesina* is an international movement, born in 1992, which coordinates peasant organisations of small and middle-scale producers, agricultural workers, rural women, and indigenous communities from Asia, Africa, America, and Europe. It is an autonomous, pluralistic movement, independent from all political, economic, or other denomination. The principal objective of *Via Campesina* is to develop solidarity and unity in the diversity among small farmer organisations, in order to promote economic relations of equality and social justice; the preservation of land; food sovereignty; sustainable agricultural production; and an equality based on small and medium-scale producers. Their website address is: *http://ns.rds.org.hn/via/*



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A NEW FINANCIAL INSTRUMENT TO APPLY A NEW INVESTMENT ETHIC

Story of the Kairos Investment fund

BY SHYAMALA ARIARAJAH

INTRODUCTION

The concern to address the economic injustices and humiliation confronted by the poor within interdependent economies has been the main driving force for ethical responses in the financial system. These responses often took the form of a variety of financial instruments at the local, national and global levels. Despite numerous ethical interventions over the last thirty years, each successive wave of economic crisis and the consequent hardships generated by it for the poor and poorer nations have been more severe than the previous ones. The persisting current social and environmental crises, known as the negative effects of economic globalisation, are increasingly understood as a consequence of the policies or conditions attached to both lending and grant-making to both for-profit and non-profit organisations within the inequitable operating framework of the global economy. In other words, the unfair economic divide between *hard* and *soft* currencies, on which the post-war global economic and financial systems were founded, continues to perpetrate waves of global poverty. In such an unequal operating framework, the commercial models of asset allocation or financing instruments, which focus merely on short-term financial objectives, further increase the social and economic disparities within and between nations. These disparities generate insecurities and thereby disrupt social cohesion and global peace.

The *Kairos Investment Fund* (KIF) is a new model of a financial instrument that was developed to apply a *new investment ethic* within contemporary financial systems. The present article is a brief overview of why and how the KIF seeks to complement other ethical interventions that seek to bring justice at local, national, and global levels within the current financial systems in which investments operate.

MOTIVATION AND PURPOSE

Almost six years back an international group in Geneva, Switzerland, initiated inter-disciplinary diagnostic research that involved leaders of secular and religious NGOs, ethicists and economists in the academic field. The group's long commitment to economic justice projects has motivated it to identify some of the critical issues that consistently undermine the expected goals of the ethical interventions within the contemporary economic and financial systems. The research included observations on the evolution of global economic and financial systems, studies on different models and dimensions of ethical interventions (such as charity and aid funds, micro credits, advocacy for cancelling debts of the poorest countries, defining ethical investment criteria based on benchmark requirements, screening and rating companies and countries, etc.), and a search for critical financial systemic links that lead to successive global crises. The main purpose of the research was to find a sustainable solution to the persisting systemic crises.

DEVELOPMENTS WITHIN FINANCIAL SYSTEMS

There is no doubt that advocacy for economic justice by ethically concerned individuals and institutions during colonisation and industrialisation, paved the way for a vision of a global economy in which human dignity, human rights and freedom would be respected as core ethical values. It is also clear that the evolution of global economic and financial systems is marked by voluntary and involuntary movement of peoples both within and between states in the process of human and physical infrastructure development and reconstruction. Consistent advocacy for sustaining the core ethical values in such development has contributed to the birth of contemporary financial systems in which all the workers who earn and save money through pension funds, insurance schemes and private savings in banks have become capital and loan providers. One of the essential features of these systems is that they consist of three distinct economic actors (i.e.: the government sector, business sector and the third sector/NGO sector), which are required to function with three types of logic. They are both service and job providers in a democratic model of service economy. This reality is a noteworthy development in terms of the ethical vision of transforming the global financial system, so that it serves the people in local and national economies. However, the failure to fully translate the core ethical values into an applicable mode from the onset within the global financial system has led to the development of an inequitable operating framework for financial activities and transactions within interdependent economies.

Labour Day demonstrations in San francisco, USA

Understanding the systemic crisis

This inequitable framework has consistently threatened the viability of the legitimate missions of many institutions at each wave of the systemic crises. Solutions adopted to deal with the crises by multinational corporations and other institutions operating within the business and government sectors have often proved to be not only ineffective but also self-defeating. Above all, the negative effects of these solutions threaten to delay the democratisation process of the global economy:

From the perspective of the business sector, the continuous restructuring of multinational corporations through relocations, cross-border mergers and acquisitions aimed merely at increased market shares not only threatens to revert the financial system back to monopolistic or undemocratic corporate practices, but also lead to a re-colonisation process. The mass layoffs that accompany such restructuring reduce the capacity of consumers to buy the products and services that these companies offer, and thereby contribute to enormous losses of revenue, leading to their own bankruptcies. These bankruptcies induce the economic downturn of a series of other small- and medium-size companies and institutions, including the investment banks that finance their equity capital and loan structure. However, while the multinational corporations are able to obtain creditors' protection and more financing from their governments with taxpayers' money during further downsizing operations, many small- and medium-size companies and institutions are forced out of business for the lack of such privileges.

From the individual's perspective, this kind of market expansion not only brings job loss but also loss of lifetime savings, because of the pension funds, insurance policies and savings bank accounts invested through investment banks in these multinational corporations. The social insecurity, economic hardship and humiliation generated by these losses induce a variety of cycles of violence throughout the world.

Double exclusion

Moreover, the one-way liberalisation that restricts the trade of economic goods from the *soft-currency* to the *hard-currency* countries, and encourages the financial or investment flows to the *soft-currency* countries, leads to a double exclusion of the *soft-currency* countries. In other words, this one-way liberalisation prevents the equitable participation of the peoples of *soft-currency* countries within the interdependent global economy. The incumbent governments of *soft-currency* countries affected by this double exclusion succumb to various country management techniques or macro-economic policy advice. These techniques often aim at balancing national budgets by maximising the revenue generated through the *hard currency* transfers into the country by further devaluation of the *soft-currencies*. These transfers include large amounts of money sent to dependent families at home by those who work abroad, official development grants, and charity or aid money which is either transferred or administered by a variety of inter-governmental and international non-governmental organisations operating in *soft currency* countries.

Unjust loss of creditworthiness

In this context of devaluation, the practice of remunerating foreign employees of multinational corporations and other institutions based in *soft-currency* countries at

income levels equivalent to the standards of developed countries, results in an implant of a vast income gap. Such an income-gap increases local inflation; the prices of basic needs imported from other countries and local goods become unaffordable for the majority of the people. The consequent reduced capacity of local consumers to buy these goods drive the local companies and institutions out of business, thus leading to the retrenchment of local employees and to social unrest. This sequence of events not only draws the focus away from the national and local development priorities within *soft-currency* countries but also threatens to push the incumbent governments out of power by causing political instability. Such economic, social and political instability and insecurity encourages the flight of capital of both foreign and local investors.

Above all, the loss of value of the local currencies prevents people in *soft-currency* countries from re-paying loans from both private and public investors in the *hard-currency* countries. Such an unjust way of losing credit worthiness and jobs result in a dual loss of dignity. In this context, when country credit rating agencies downgrade the *soft-currency* countries, foreign investors and fund managers withdraw their investment capital with a warning that classifies the *soft-currency* countries as high-risk countries. However, this incapacity to re-pay loans and a reduced capacity to buy the goods from *hard-currency* countries doubles negative effects for people in *hard-currency* countries: the consequent increase of unemployment and economic disparities within *hard-currency* countries jump-starts a new wave of social instability, violence and financial systemic crisis. The speculative investment trends that flourish in this climate of increasing currency gap contribute to deepen the next wave of crisis, and to increase poverty.

This explains why this ever-increasing currency gap – which continuously reinforces the inequitable founding basis of the global financial system – continuously frustrates the goals of humanitarian missions. The expected benefits for both *hard-* and *soft-currency* countries from re-locating multinational corporations' production and service units in *soft-currency* countries have been far outweighed by the negative effects of this one-way liberalisation process. Thus current poverty eradication programmes and prevalent ethical interventions need to be complemented by new ethical responses that focus specifically on addressing the global poverty perpetrated by the double exclusion of the *soft-currency* countries from the global economy. The concern to address current economic injustices within both *hard-* and *soft-currency* countries perpetrated by the increasing currency gap, is expressed in the search for a new investment ethic.

The search for an investment ethic

There is no easy way to develop a solid value basis for a new investment ethic within an inequitable financial system. The distrust between *hard-* and *soft- currency* countries generated by historical conflicts cannot be wiped out overnight. However, it is clear that expropriating capital/land and deploying human labour (slave and bonded or forced labour, child labour, women's labour, migrant labour, etc.) in the process of economic development and re-construction have contributed to a myriad of conflicts. These conflicts have led to sharp disagreements on values in the economic field and to a plurality of opinions that often contradict one another. It has therefore, not only become difficult to define ethical criteria for investments, on the basis of cultural values expressed in terms of the "good" and the "bad" or "negative" and "positive" criteria, but such a basis has also proved its insufficiency to address the persisting financial crisis at the systemic level. Moreover, given the diversity of expectations within the global economy, profound questions like: What is ethical? Who decides what is ethical? For whom is it ethical? are often raised and cannot be easily resolved. Thus the time has now come to advocate a *new investment ethic* in which ethical criteria are defined on the bases of the core ethical principles of justice and mutual responsibility (i.e.: shared power between *hard-* and *soft-currency* countries). Here is a new opportunity to reinforce human dignity, human rights and freedom within the global economy, and to sustain social cohesion and global peace in an interdependent world.

The essence of the new investment-ethic

If ethical criteria are based on the principle of justice, it follows that one person or community cannot unilaterally determine what is just or fair without taking into consideration the opinions of all parties concerned, including those affected by investment decisions. It also means that, within an inequitable systemic framework of *hard-* and *soft-currencies*, what is ethical cannot be decided on the basis of speculation or simplistic assumptions about different countries and peoples.

This leads to the conclusion that investment decisions, insofar as they affect peoples' lives, have a strong relational dimension; what is ethical in the area of investments can only be determined on the bases of the priority of investment needs and of consultative processes with the three main protagonists of the financial systems. These protagonists are: the investors, the companies or institutions that benefit from investments (*security issuers*), and those affected by investment decisions. Such a consultative process of decision-making, known as *discursive-ethic*, is conducted in a transparent way and enables us to identify injustices and introduce correctives; it also induces a transformation from speculation to consultation in the financial systems in which investments operate. Above all, it has the potential to ensure the equitable participation of both *hard-* and *soft-currency* countries within the global economy and thereby to democratise contemporary financial systems. It is this double-shift from speculation to consultation, and from domination to equitable participation within the interdependent financial systems that is at the heart of the new investment ethic.

Features of the financial instrument

This new concept of introducing timely correctives to address the economic injustices at the right time and the

Sialkot, Pakistan © ILO

Young girls stitching footballs in Pakistan

right place was given the name of *Kairos Investment Fund*. Kairos is a Greek word meaning the right time. The *Kairos Investment Fund* is a global investment fund developed to offer investors from both *hard-* and *soft-currency* countries the opportunity to practise the new investment-ethic. The fund has two main objectives:

- the ethical objective is to contribute to the evolution of a people-centred financial system in which there is equality of access to opportunities and information for all;
- the financial objective is to provide its investors with a financial return similar to that of a global mixed portfolio investment fund through middle- to long-term capital appreciation.

The priority of needs of investments within each country compartment of the fund is determined through the above-mentioned consultative process, in view of democratising financial systems. However, the portfolio construction of the fund is conducted through an ethically coherent and scientifically logical asset allocation model based on three main ethical criteria: shared responsibility, shared risk, and shared return between *hard-* and *soft-currency* countries. Various indicators related to purchasing power parity and human development, are used to translate these criteria in constructing the model. The ethical criteria for asset allocation within each country compartment takes into account the following four dimensions:

1. the priorities of both infrastructure and employment creation needs of each country;
2. the distinct roles and responsibilities of the three main economic actors, namely, the government, business and third sectors;
3. the development of small- and medium-size local companies and institutions within each country;
4. the investment in the three main asset classes (shares, bonds and cash).

Security issuers within each country compartment of the fund are selected on the bases of responsible social and environmental practices, responsible management of financial resources of companies and institutions, and transparency of information disclosure.

The portfolio construction procedure aims at optimising the allocation of both natural and human resources.

A critical support organisation

The requirement for a consultative mode of decision-making to implement the new investment ethic has led to the formation of the *Kairos Global Association for Investment Ethic* as a critical support organisation of the *Kairos Investment Fund*. It is a non-profit non-governmental organisation, which aims at linking lenders and borrowers within a common ethical framework. It seeks to alter the speculative investment trend through a wide and sustained educational process in collaboration with justice-oriented organisations. The education process will be driven by the findings of ongoing diagnostic research on the role of the contemporary lending and borrowing system (i.e.: the financial system) in increasingly monetised economies. Through this process, it seeks to build trust between for-profit and non-profit organisations and, between *hard-* and *soft-currency* countries by soliciting cooperation to sustain social cohesion and global peace.

Launching the advocacy campaign and the fund

The international advocacy campaign for the new investment ethic and the launch of the fund will proceed in parallel. In preparation for the launch, economic justice issues related to contemporary financial systems are being clarified, while pledges are being gathered from institutional investors. •

Ms Shyamala Ariarajah is director of the Kairos Global Association for Investment Ethic based in Geneva, Switzerland.

India © WCC Photo

BYE, BYE POVERTY REDUCTION STRATEGY PAPERS AND HELLO GOOD GOVERNANCE

BY ALEJANDRO BENDAÑA

Nearly three years ago, the World Bank and the IMF came up with its Poverty Reduction Strategy Initiative [1]. In what amounted to a tacit admission that globalisation and debt relief schemes were not benefiting the poor (to say the least), the Bretton Woods institutions now insisted that "pro-poor economic growth" strategies were indispensable. As a corollary to the new discourse and as a further explanation for the persistence of poverty and inequity, the multilateral institutions and their principal rich countries shareholders went on to argue that "bad government", including official corruption, were fundamental obstacles to development.

How convenient to wed the rediscovery of poverty to mal governance! This blame-the-victim approach shifted attention away from the economic model which in fact produces poverty and facilitates corruption. What is more, assuming a hypocritical defence of civil society demands for participation, the Bretton Woods institutions devised the Poverty Reduction processes which in effect increased the power of the multilateral institutions over national governments and national economies. Indeed, Washington enlisted NGOs (ostensibly in representation of civil society and the poor?) to participate in officially sanctioned poverty reduction strategy consultations and in anticorruption campaigns.

So now the donors, their corporations and their WB/IMF pose as the defenders of the poor and the allies of civil society in the holy crusade for development. Talk of participation and national ownership notwithstanding, the rules of engagement precluded critiques of the neoliberal structural adjustment and liberalisation measures. That is, what mattered in the PRGF (Poverty Reduction and Growth Facility) [2] was growth more than poverty. Old wine in new bottles: growth is indispensable, liberalisation produces growth and investment, and eventually the benefits of growth and reform will trickle down to the poor.

The same with good governance. From the good economic governance that encompassed forced adoption of WB/IMF-sanctioned financial policies, governance now encompasses adopting "politically-correct" social, commercial and now administrative "reforms". The fight against corruption focused on forms of corruption such as bribery and public sector waste that discouraged private, and especially foreign, investment the life blood of economic growth in the neoliberal cannon. Unsurprisingly, the "nationally owned" Poverty Reduction Strategy Papers (PRSPs) matrixes tend to look much the same across nations, featuring privatisation of public utilities and other liberalisation measures as critical to fighting poverty!

> Unsurprisingly, the "nationally owned" Poverty Reduction Strategy Papers (PRSPs) matrixes tend to look much the same across nations, featuring privatisation of public utilities and other liberalisation measures as critical to fighting poverty!

A Jubilee South/Focus on the Global South study on PRSPs concluded that International Financial Institutions (IFI) conceptions of participation tended to be uniformly narrow. By and large, participation as originally conceived takes the form of inviting some non-governmental organisations (NGOs) to offer their perspectives on a pre-prepared document. Where consultations were taken to the field, interpretation of those perspectives tended to be a selective value-laden exercise. In most cases, the translation of these perspectives to policy actions remained beyond the reach of most members of local civil society, especially the poor themselves."

For its part, the anticorruption measures demanded by Washington all focused on the public sector and the judiciary (to insure "clear" guarantees for investors). Little was said as to the relation between privatisation and corrup-

tion, about abuses carried out by the corporate sector, of the fact that corrupters and corrupted tend to work together, as for example with debt and credit deals. More importantly, the issues of corruption inherent in unequal structures and systemic corruption simply do not fit in the anticorruption discourse. By the same token, good governance refers to nation states in the South, leaving global good governance to be interpreted and applied by the rich countries themselves in neoliberal fashion.

NGOs in the South and the North were taken for fools with a strategy that supposedly required borrowing countries to consult with their citizens and to define national development strategies. As a result, the neoliberal donor-defined global system is further reinforced, allowing the model to relegitimise itself by saying it worked with citizens and it did not tolerate corruption. PRSPs will not alleviate poverty, because they do not address macro-economic and structural concerns. Policy matrixes take the form of policy conditions in order to obtain external financing. Dependence is reinforced, and the conditions are politically explosive, as they entail further belt-tightening, job-losses, increases in electricity and water prices. Indeed, the model demands more dieting in order to end hunger.

The insistence on greater economic and political conditionality is part of a the US-defined process to create not only states but indeed "civil" societies that will be market-friendly and private-enterprise oriented. Of course "market democracies" contribute to the centralisation of power and wealth in the North as well as the promotion of US strategic interests. As opposed to an anti-corruption focus that only places the blame on politicians and individual policies, a people's governance approach emphasises the centralisation of power itself as inducive to corruption and abuse. Yet PRSPs by adding to conditionality, notwithstanding claims of ownership and participation, place even more power in the hands of the Bretton Woods institutions.

What is the alternative? People's governance at the national and international level. Rules of engagement guided by human need, not corporate greed. Another world is possible, and its construction begins by exposing the lies and false promises emanating from Washington, the donor agencies and the multilateral agencies. The countervailing power will not be found among those very forces, including governments and civil society organisations, that collaborate with privatisation notions, and themselves become objects of poverty-producing, corruption-inducing privatisation.

At the end of the day, the struggle against impoverishment and corruption, rooted in decades and centuries of anticolonial resistance, is inseparable from the continuing struggle for national and international democracy. Social forces themselves, including labour, will continue to name the system – capitalism – and organise themselves around a truly democratic ideology based on self-determination. •

Caracas, Venezuela © J. Maillard / ILO

Dr. Alejandro Bendaña is a founder of Jubilee Debt Coalition in Nicaragua and of Jubilee South, and serves on the Board of Focus on the Global South. He is also the founder and president of the Board of the Centro de Estudios Internacionales in Managua, Nicaragua

Notes:

1. A Poverty Reduction Strategy Paper (PRSP) is a document which is expected to be produced by a government with the input of civil society. It outlines the government's poverty reduction strategy. All IMF and World Bank lending operations (in theory) must be consistent with the PRSP. The IMF requires a PRSP prior to providing debt relief and PRGF loans.

2. Poverty Reduction and Growth Facility (PRGF) was previously called the Enhanced Structural Adjustment Facility (ESAF). The IMF changed the name of this facility to diffuse criticism of Structural Adjustment Policies. It contains the terms and conditions of an IMF concessional loan to a low-income country.

"LAND DOES NOT BELONG TO US – WE BELONG TO THE LAND"

Mining in Orissa, India

BY WILLIAM STANLEY

In recent years the livelihood systems of the Indigenous communities and the rural poor are increasingly appropriated by transnational corporations (TNCs). Natural resource conflict has risen around issues of human rights, survival and sustainable development. Essentially these conflicts relate to conversion of free community resources in commodities whose use is governed by state-influenced corporate market criteria.

The development path we pursue ironically endangers the livelihood resources of millions of Indigenous communities – the natural based livelihood communities. Protest against mal-development and unsustainable development is gaining momentum day by day. In the conflict between the corporate and communities the state continues to support the TNCs and many governments are becoming pawns in the hands of corporates assisted by world financial institutions like the IMF, World Bank and WTO. Many millions have had to pay the price of national development and economic growth.

In the last five decades in India alone more than 50 million people have been displaced. One of the living examples of the communities Vs corporate struggle is the campaign that opposes the concept of "eminent domain" of state over livelihoods. Orissa, since independence, became a direct target of economic growth through the exploitation of natural resources like the forest, water and land for the corporates mining operations, hydro power production and land acquisition. It is heartening to note that all the G7 countries, somehow or other directly and indirectly, are involved in some kind of activities that denies the legitimate right to livelihood of many millions of people.

Take the case of Bauxite mining alone in Orissa. Given the 500 million tons of aluminium in the region, the state is virtually giving away a wealth roughly Rs. 50,000 Crores[1] for a meagre investment of few thousand Crores in foreign exchange. Moreover, the region is the only biological resource pool left in the Eastern Ghats, an ecologically fragile area where a number of mining leases have been given. These regions are over-mined and the privilege provided under liberalisation erodes the rights of the already marginalised.

In 1990 alone, the aluminium industry consumed power equivalent to that of the entire continent of Africa. In Orissa out of 2466 megawatts produced, one third of the power was consumed by the aluminium industry in 1995. These industries also contribute to the green house gases leading to accelerated climate change.

Major consumers of aluminium are the USA, France, Russia, and Norway. Peshiney International of France, Norsk Hydro of Norway, Alcan of Canada, Alu Suisse of Switzerland, and ALCOA of America are some of the Northern companies directly involved in bauxite mining in Orissa. To highlight one of the joint venture companies is useful to understand the conflict between the communities and corporates.

UTKAL Alumina is a consortium owned by Norsk Hydro, Alcan and Indalco. This project is located in a place called Kashipur, in the Rayagada district of Orissa. Technical support is expected from Alu Suisse and Alcan. It is a 100% export oriented investment which the Government of India has heavily subsidised, offering exemption in paying income tax and drops in import tariffs for equipment used. With a one billion dollar business venture it is expected to produce one million tons per year. This project will directly affect 9000 people and displace 3500 people from their habitat in 40 villages.

Since 1993, the people of Kashipur have conducted a peaceful agitation in protest to save their sustainable livelihood resources. In 1995, the people to be displaced contacted some of the NGOs working in the region for support and solidarity. Based upon this request many NGOs joined hands with the struggling people. As one the Lutheran World Federation (LWF) Dept. for Mission and Development (DMD) projects of United Evangelical Lutheran Church in India (UELCI) was working in the same region contacted Norwegian Church Aid – the Change

India © John Taylor / WCC

The livelihood and natural resources of millions of Indigenous communities are threatened by the activities of transnational corporations.

Makers, Universities in Oslo and Bergen, Stromme Foundation, Norwatch and Media teams through UELCI Office.

Many visits were made by the Norwegian team to assess and learn the reality in the field. Other NGOs got involved in supporting the people. During the last seven years, the people organised many rallies, campaigns and marches to express their ideas, opinions and dissent. The government did not heed the people's problems and their voices. Instead organised violence was unleashed on them. Media teams from the local, regional and national level visited the area and stories were filed in newspapers and magazines. Many Tribals were arrested and false cases were booked. While many cases were disposed of, some cases are still pending in court.

Four NGOs in Orissa were banned by the state in 1999 and all official aid was stopped for rural development activities. The Ban was lifted in July 2000. Intelligence surveillance keeps an eye on the activities of these NGOs and their leaders. In 1999, a seminar on displacement was organised at Jeypore in which many victims of displacement, social activists, church leaders, resource agencies and NGOs took part. A team of NGOs met the then Foreign Minister of Norway in New Delhi and updated him with information on the people's struggle in Kashipur. A memorandum was submitted to him.

A network called South Orissa Development Alternative Network (SODAN) contacted the National Council of Churches in India (NCCI) and they organised a meeting in solidarity with the struggling people. A fact-finding team from NCCI visited the area. Church leaders from Jeypore Evangelical Lutheran Church (JELC), United Evangelical Lutheran Church (UELCI) and other NGOs participated in this meeting and released a statement questioning the unfair deals of the company and the state. The same statement was sent by NCCI to all the Northern churches and agencies and companies in question and to the Governments of Norway, Canada and India.

NGOs and Mines, Minerals and People a network of NGOs, activists and community-based organisations continue to support the people. The company hired a consultancy firm, called the Business Partners in Development, to negotiate with the civil society and the people. The result of such efforts ended up in the killing of three innocent Tribals by the state police in December 2000. The last rally was organised on 30 January 2001 at the place where the firing took place and nearly 20,000 people participated to express their concern and solidarity with the people of Kashipur. Independent commissions visited and reported the matter to the President of India. A Judicial enquiry is forced on an NGO, implicating it in motivating the Tribals to go against the state. The NGOs activities were claimed to be detrimental to the economic growth of the State.

The displaced people are getting organised stronger and stronger. Their fight to sustain their livelihood will be a lesson to many people around the globe. The message is clear: unless the people who will be the victims of economic globalisation get organised and raise their voice their life will be miserable and they will be pushed too hard and their existence will be under constant threat.

The forces of economic globalisation need to be countered with strong will and commitment so that the resources of the poor will be protected and the children unborn will have a place to survive on this globe. Therefore it is urgent for the churches to recognise their role in these vital problems, to take clear positions, and get involved more seriously than ever before to have greater impact on the society. What we need today is more sensitisation of the society, capacity building of the communities, initiation of sustainable models of development, resource accompaniment for such processes and sustained collaborative advocacy. •

William Stanley works for the Integrated Rural Development of Weaker Sections in India, United Evangelical Lutheran Church in India.

Notes:

1. A Crore is 100 lakh of rupees; a lakh is 100,000 rupees; 1 lakh is roughly US$2.000)

THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD)

Its Success Depends on Participation of African People

BY ROGATE R. MSHANA

INTRODUCTION

Over the last four decades, Africa has been subjected to several development plans and declarations of intent. But, despite all these plans, equitable and sustainable development which focus on gender equality and eradication of poverty have not been achieved.

African leaders have now come up with another plan called "The New Partnership for Africa's Development". While this plan has gained high international praise, the people of Africa, including labour unions, farmers, community-based organisations and NGOs were excluded during its formation. How can such a plan succeed without the full participation of the people of Africa? It has long been recognised that failure of development in Africa has mainly been due to the marginalisation of its people from decision-making on the one hand, and irresponsible government on the other. This new plan has put promotion of democracy and good governance as the first priority, yet the formation of the plan began without the full involvement of the people. This deficit is now the challenge to the African heads of states who formulated the initiative.

THE ORIGIN OF NEPAD:

The New Millennium for African Recovery Programme (MAP) was proposed by President Thabo Mbeki of South Africa. The Omega Plan was proposed by President Wade of Senegal. They were combined to form the New African Initiative (NAI). The name was changed to New Partnership for Africa's Development (NEPAD).

Birth date: October 23, 2001

Birth place: Abuja, Nigeria

Planners: African heads of state through their Implementation Committee, chaired by President Obasanjo, who adopted the revised October edition of the NEPAD Document.

Proposed secretariat: Pretoria

A conference on development of specific programmes, projects and financing for NEPAD took place in Dakar, Senegal, April 2002. Results are still minimal. The plan will be presented at the next Group of 8 summit meeting.

NEPAD IS NEEDED BECAUSE:

- 50% of Africa's population live on less than US$ 1 per day;
- Mortality rate of children under 5 years of age is 140 per 1000;
- Life expectancy at birth is only 54 years;
- 42% of the population has no access to safe water;
- The rate of illiteracy for people over 15 years of age is 41%;
- There are only 18 mainline telephones per 1000 people in Africa compared with 146 for the world as a whole and 567 for high-income countries.

WHAT IS AT STAKE:

The abundance of untapped natural African resources, including capital, technology and human skills.

OBJECTIVE:

"This New African Initiative is a pledge by African leaders based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and sustainable development and at the same time to participate actively in the world economy and body politic."

STRATEGIES:

- The leaders begin their document by reviewing the place of Africa in today's world, "The hopes of Africa's peoples for a better life can no longer rest on the magnanimity of others".
- They state the new political will and their resolve to spread democracy. "Across the continent, democracy is spreading, backed by the African Union (AU) which has shown a new resolve to deal with conflicts and censure deviation from the norm." One of NEPAD's foundations is the expansion of democratic frontiers and

the deepening of the culture of human rights.
- They set out the strategy;
- Show programmes of action and an implementation plan.

It is argued that the strength of NEPAD is its strong emphasis on democracy and governance which makes it different from the past attempts at fashioning Africa-wide initiatives for African development. But the plan shares certain features with past efforts. Like its predecessors, actions are discussed within a broad and general context.

The leaders point out the following immediate priorities and "fast-tracking". Recognising the need to sequence and prioritise, the initiating presidents propose the following programmes to be fast-tracked, in collaboration with development partners:
- Contagious diseases - HIV/AIDS, malaria and tuberculosis;
- Information and communication technology;
- Debt reduction;
- Market access.

The critique of NEPAD

NEPAD should be understood as part of a historical process in the search for a viable model for development in Africa since the 1960s.

There were several attempts made by African leaders to produce plans but these were rejected or ignored by the international community. Will lessons learnt from previous plans improve NEPAD?

A close look at the main components of NEPAD shows they are aimed at strengthening "public goods" and minimising "public bads". NEPAD finds itself, however, within unregulated globalisation, which is increasingly maximising "global bads". To regulate globalisation, priority should be given to the production, financing, management, and conservation of global public goods[1]. At the global level, however, global public goods are part of a new agenda which was excluded from the UN Monterrey Conference on Financing for Development. Lack of global initiatives aimed at channelling financing to global public goods,[2] NEPAD will receive very little global financial support.

It is essential to outline the comparative advantage of NEPAD by asking a major question: "What could be better achieved at the global, regional, sub-regional, national and local levels?" The plan is ambiguous on this point. Similarly, it is not clear which actions can be well implemented by existing institutions and current sub-regional plans, and which actions require new institutions. While it is acknowledged that such an Africa-wide programme is bound to be general in nature due to the broadness and linkages of the continent's problems, specificity is essential in order to measure progress.

Resource mobilisation is not specific either. What is known is that a Commonwealth Africa Investment Fund has been formed, and that the Development Bank of

Training course for villagers, Zimbabwe
© J. Maillard / ILO

African people need to be involved in the development of their economy
© Paul Jeffrey / ACT

Southern Africa had already committed US$ 25million to NEPAD. Collaboration with the Finance Corporation of the World Bank is envisaged.

NEPAD as a *world view* seems to have been informed by grossly misleading assumptions regarding:

- Globalisation and Africa's position in it;
- Causes of Africa's underdevelopment;
- Poverty;
- Its relationship with the dominant features of neo-liberalism: the Washington Consensus;
- True meaning of development.

As a charter or manifesto for designing the political-economic future of a continent whose ailments have been the subject of countless mis-diagnoses, mis-constructions, mis-prescriptions, and diversionary speculations, NEPAD has been a heads-of-state project, almost exclusively owned by the New African Leadership Group. Efforts of the New Leadership group to popularise it have ended up reinforcing the perception that it is little more than a marketing exercise, targeted at the multilateral donor community and the western bureaucratic elite.

The main critique of NEPAD, which was also acknowledged by the president of Senegal Mr Wade, was the lack of participation of Africa's civil society.

On a more ideological plane, civil society critics contend that NEPAD is an unquestioning endorsement of the neo-liberal framework for seeking uncritical integration into the world economy, and that such an endorsement, besides many other misgivings it may give rise to, fails to recognise that it seems to assign a subordinate role to the African economies in the current globalisation process.

Globalisation, into which NEPAD would like to uncritically integrate the African economies, is increasingly revealing itself as a power system – a materialisation of the balance of hegemonic power – within which Africa has hardly staked a strategic position.

Rose Edward and Helen Waidimo of the women's group in Mutunyi, 300 km north of Nairobi, inspecting a small maize crop irrigated from a nearby spring.
© Peter Williams / WCC

An ecumenical response

The ecumenical family considers economic globalisation as an institutional expression of a powerful ideology – a system of beliefs and practices which, although claimed by its proponents to be universal, reflect a particular web of values dominated by western societies. Its values are western, not Christian.[3] These economic values are based on a belief that there can be a "totally free market" in which unregulated competing economic relationships of individuals in pursuit of their economic gains can lead to optimum good under the "invisible hand". The paradigm is preoccupied with growth while neglecting issues of equity and safeguarding of the environment.

The World Council of Churches (WCC) has called for a paradigm shift, promotion of just trade and regulation of financial markets.[4] NEPAD was drawn up without a critical look at these economic globalisation elements, which shift resources from Africa to rich countries due to asymmetry in power relations (issues such as chronic unjust terms of trade, EU Agricultural subsidies [US 1 billion per day – whereas the majority of Africans live on less than a dollar a day, a cow is subsidised two dollars a day by EU, Africa trade agreements, Africa /US] Africa Growth and Opportunity Act (AGOA), WTO trade imbalances, Debt and IMF-World Bank-related development and financial policies need to be addressed).

The Southern African Catholic Bishops Conference (SACBC) has slammed NEPAD, saying the plan as a whole is ambiguous and some of its proposals, especially those relating to debates about economic globalisation, are dubious[5]. NEPAD correctly states that current globalisation policies fail to lift Africa out of socio-economic decline, but then goes on to say that Africa therefore needs more of the same policies.

The response of the Africa Task Force at the WCC

For NEPAD to succeed, the above-mentioned technical and ideological deficits need to be resolved. Churches in Africa and the WCC could play an important role. One area which calls for immediate action by the ecumenical family is to address the so- called "fast- track programmes (debt cancellation, access to just trade) and, at the general level, assist these countries in preventing and resolving conflicts (peace management in Africa). The WCC Special Focus on Africa Programme 2001-2004 calls for solidarity with Africa:

"... to galvanise churches, national councils of churches, ecumenical organisations, networks, other faith-based communities and specialised bodies inside Africa into concerted action towards realising Africa's journey of hope and to enable Africa's churches to give spiritual leadership in Africa's renewal. It is also to galvanise the global ecumenical movement into accompanying Africa on this journey. Churches and ecumenical

Africa has abundant resources and skills. © Peter Williams / WCC

organisations who accept to participate in this programme will be those who firmly believe that Africa and Africans can, and are ready to, stir themselves into action that will bring hope, a productive and sustainable future for Africa's citizens."

The WCC seeks:

• To facilitate the development of African thinking, initiatives and synergies for Africa's re-awakening.

• To facilitate the mobilisation of African communities throughout the world to contribute to Africa's New Vision of the Future and to participate in the journey of hope.

One of the strategies mentioned in the WCC's Special Focus on Africa is to engage churches and faith-based communities in Africa in the development and articulation of a proper response and input to the NEPAD leaders. It is now appropriate to organise, in conjunction with the authors of NEPAD, church consultations and workshops in Africa on the involvement of civil society in NEPAD and economic globalisation. It will be a serious mistake to believe that NEPAD could mainly depend on private financing from outside Africa. A serious analysis of the development of domestic markets, creation of a common Africa Union currency out of the current weak currencies in Africa, full utilisation of African human and other resources, and a strong Africa Economic Union are imperative before selling the current proposal of NEPAD to so-called investors. NEPAD should be African people-driven and -owned and not be owned only by heads of states with their so-called partners.

The potential of NEPAD

NEPAD is, however, the only African regional development plan we have at the moment. It is therefore imperative for the people of Africa to refine it, reshape it and mobilise all Africans to lead it to success. Looking critically at economic globalisation it should include actions of labour unions, farmers, social movements, community organisations, religious organisations and academia.•

Rogate R. Mshana, programme executive in the Justice, Peace and Creation team of the WCC.

Notes:

1. UNDP, Global Public Goods Financing: New Tools for New Challenges: a policy Dialogue, 2002 (Ms Inge Kaul ed.) p.4

2. Public Finance is usually considered to have three major branches: the allocation branch, which consists of public policy measures for channeling resources to desired public goods; the distribution branch, responsible for facilitating macroeconomic stability, full employment, and price stability. Today, public goods which were once national public goods – clean air, public health, financial stability and market efficiency – have assumed cross-border dimensions due to forces of globalisation. To provide these goods to local constituencies, policy-makers can no longer rely solely on domestic policy measures, but need to engage in international cooperation.

3. See Richard Dickinson, Economic Globalization: Deepening Challenge for Christians, WCC-JPC, October 1998.

4.See Economic Globalization: A Critical View and An Alternative Vision: Program Implementation, WCC-JPC 2002.

5. See Bits on NEPAD, in Mail and Guardian (Johannesburg, March 8, 2002, posted to the Web March 7, 2002.

WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT

August 26 - September 4, 2002 Johannesburg / South Africa

Ten years after the United Nations Conference on Environment and Development (UNCED) held 1992 in Rio de Janeiro, a World Summit on Sustainable Development (WSSD) will take place on August 26 – September 4, 2002. Representatives of governments, international organisations, nongovernmental organisations (NGOs) and also of churches and other faith communities will gather in Johannesburg (South Africa) for this event. South Africa will host almost 50'000 according to the expectations of the UN secretariat.

The World Council of Churches (WCC) and a number of representatives of member churches and world communions have accompanied the follow-up to the Rio conference during the last ten years, and have participated in the preparatory process of the WSSD. The Ecumenical Team formed for this purpose will be active at the final (May 27 – June 7) preparatory meeting to the WSSD in Bali (Indonesia), and at the summit itself.

Background

For more than twenty years, the WCC has been engaged in efforts within its own worldwide constituency to build a faith-based understanding of the integral relationship between social justice, human development and protection of the environment. Taking stock ten years after the Rio Summit in 1992, the ecumenical community approaches the Johannesburg Summit with the deep concern that, once again, hope will be dashed by unfulfilled promises. The failure to implement the decisions taken and recommendations made in Rio, and unfulfilled expectations at the Monterrey Summit on Financing for Development say more about the reality we are confronting than promises made so far in the preparations for the Johannesburg summit.

In the ten years since Rio, the concept of "sustainable development", combining the need for development with the concept of sustainability, has been undermined by the inexorable march of corporate-driven, market-oriented economic forces and their global outreach. The underlying development paradigm, with its strong emphasis on economic growth and market expansion, has served first and foremost the interests of powerful economic players. It has further marginalised the poor sectors of society, simultaneously undermining their basic security in terms of access to land, water, food, employment, other basic services and a healthy environment. International trade, financial investments and private-public partnerships are still operating within the same framework.

Vision

The WCC's perspective on the WSSD process is grounded in its conviction about the sacred nature of all Creation, and about life as an interplay of spiritual and physical dimensions. We uphold the common human vocation to live in right relationship with our neighbours, the Earth and the Creator, respecting the integrity of the Earth and working for the health and wellbeing of all members of the Earth community. Its sacred origin makes the Earth the common inheritance of all peoples for all times, to be enjoyed in just, loving and responsible relationships with one another.

This understanding, that developed in the WCC's participation in the UNCED follow-up process, is foundational for the ecumenical vision and call for an alternative approach. Instead of referring to "sustainable development", the WCC advocates working toward the building of "**sustainable communities**". The social idea of sustainable communities implies the nurturing of equitable relationships both within the human family and also between humans and the rest of the ecological community. Such communities imply a **just and moral economy** where people are empowered to be involved in making decisions that affect their lives; where public and private institutions and enterprises are accountable and held responsible for the social and environmental impacts and consequences of their operations; and where the Earth and the whole created order is nurtured with utmost respect and reverence rather than exploited and degraded.

By asserting the primacy of justice, ecological sustainability and the creation of viable communities, the ecumenical community states that authentic human development can never be achieved when the ultimate goal is amassing wealth and material goods, especially when these are at the expense of others in the global community and of the health of the global environmental commons. **Justice and equity** must be at the heart of any sustainable economic, social or environmental system supporting the whole Earth Community.

Goals

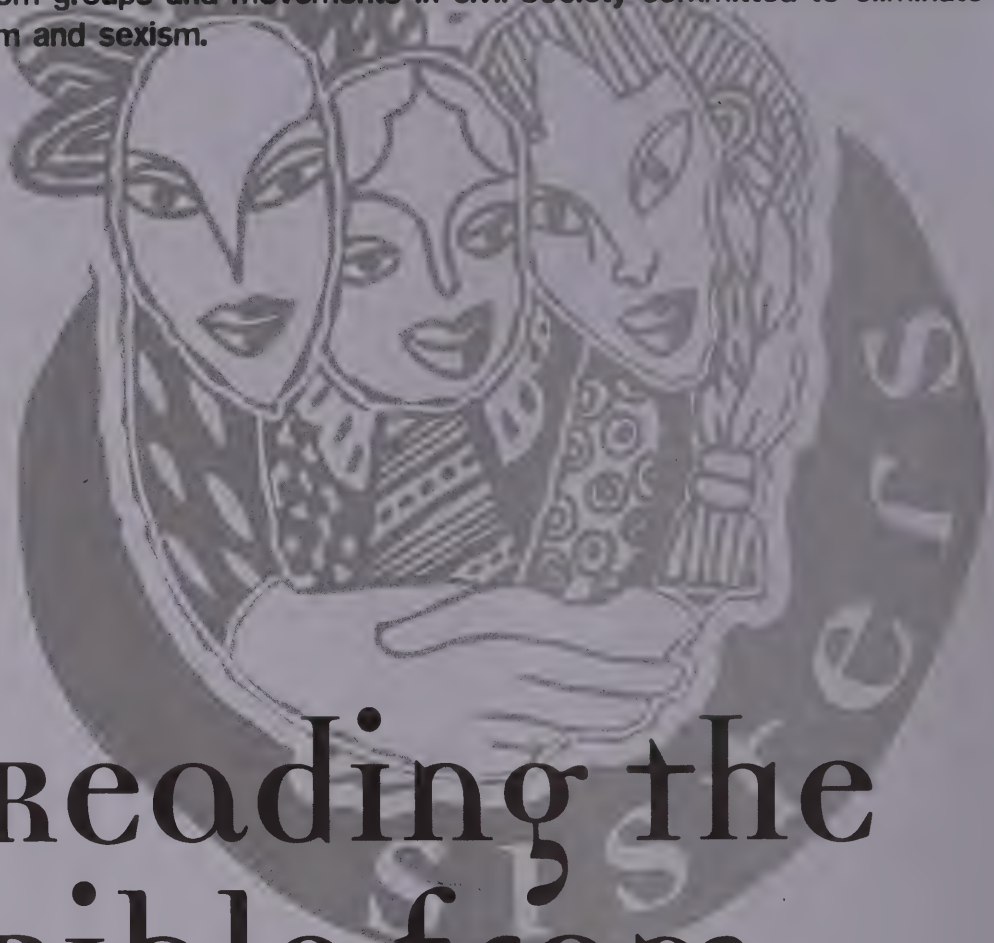
The WCC wants to bring clarity, critique and alternatives to the WSSD negotiations and the debate on sustainable development:

- *clarity* on how unsustainable economic practices and policies undermine lives and livelihoods, especially of poor and marginalised peoples;
- *critique* of the underlying economic paradigm and the destruction of the environment, based on the experience of the involvement of churches in several decades of development work and on spiritual values for just and sustainable communities;
- alternatives that emerge among communities struggling for life in the globalising economy.

For further information you can consult the UN official web site: http://www.johannesburgsummit.org and the WCC web site: http://www.wcc-coe.org/wcc/what/jpc/wssd.html

SISTERS

This section is dedicated to news from the SISTERS network *(Sisters in the Struggle to Eliminate Racism and Sexism)*. This network enables women to link up and exchange their experiences, generating solidarity, supporting one another through concrete actions. Its members come from churches as well as from groups and movements in civil society committed to eliminate racism and sexism.



Reading the Bible from SISTERS eyes*

By Marilia Schüller

"Bible and Gender" was the main theme of the first workshop of a training programme on reading the Bible from African Descendants' and Indigenous Women's perspectives. The workshop was held from 27 November to 5 December 2001, in San José, Costa Rica, in the Biblical University of Latin America, and was sponsored by the Latin American Council of Churches (CLAI) and the World Council of Churches (WCC). Sixteen women – six African Descendants and ten Indigenous women from nine countries and various denominations – brought their experiences of work in their own communities and the willingness to explore the theme and to learn.

The training programme aimed at providing tools for reading the Bible from a gender, race/ethnicity and class point of view, as well as at equipping the women to multiply learning in their local churches and communities. In a long term, the programme will also help them write Bible studies that can be used as resource material for other women – and men – in their own and other communities.

The methodology used in the workshop emphasised four points: cycles of community life; women's lives in the community and in the church; a reality-based/contextual approach underlining socio-cultural, religious, economic and political realities; gender analysis theory and biblical interpretation.

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A popular Latin American method was used to analyse the diverse realities the women come from. This method follows four steps:

1. **Seeing:** this helps participants describe and diagnose the social, economic, educational and religious aspects of their own, their families', churches' and communities' reality.

2. **Discerning:** what does the Bible say about those realities? What are the challenges before us as Christians to transform those realities?

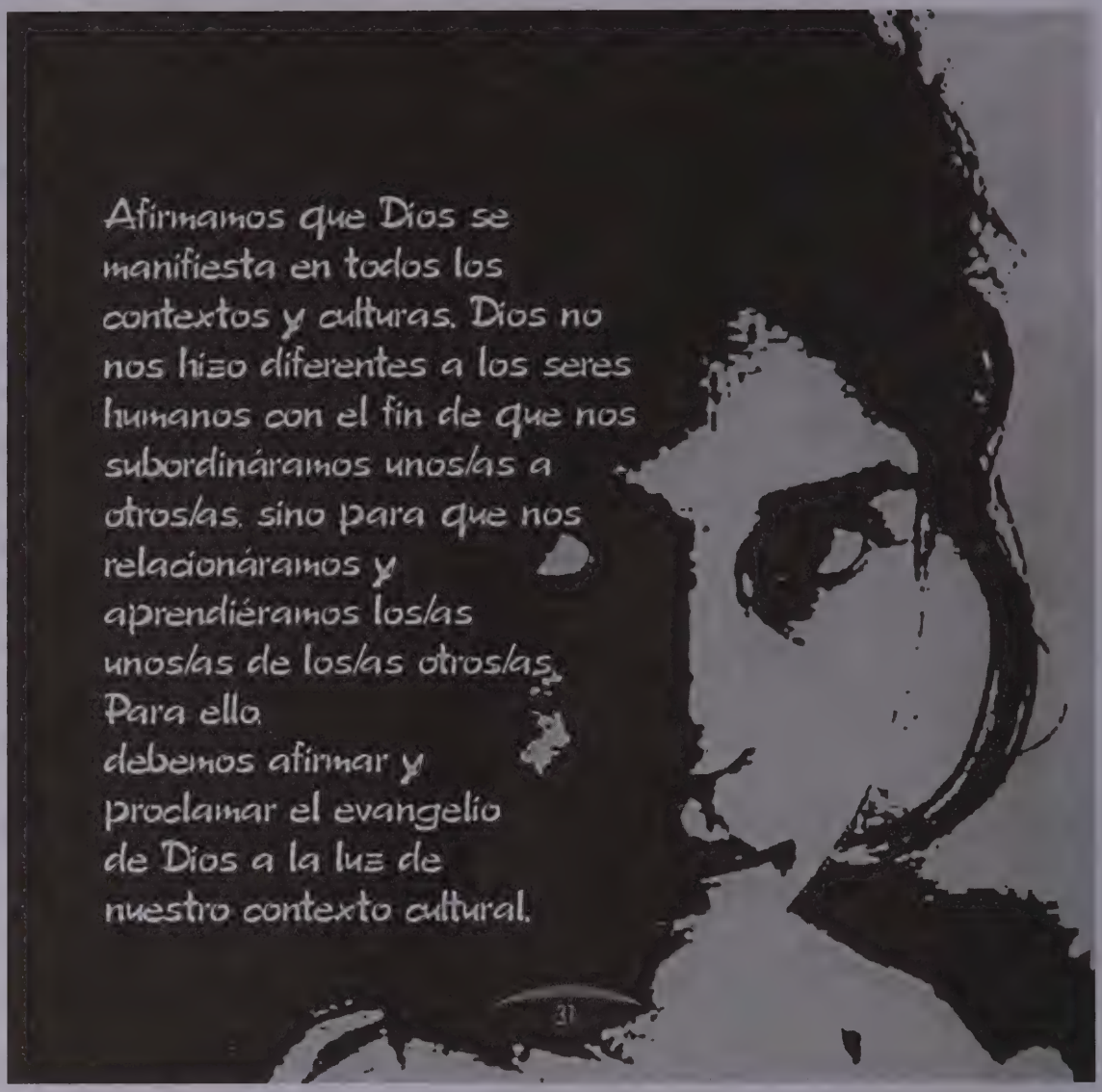
3. **Acting:** this step aims at defining how to transform the realities. The women ask themselves: What should be transformed? How? When? Where? Using what strategies? With which partners?

4. **Celebrating:** this is the ongoing invocation of God's presence in the life of the community. It involves gratitude for transformation, and the possibility of celebrating hope in life.

The main elements in the workshop programme were: telling and listening to the women's life stories, and popular readings of the Bible through women's eyes and from a gender perspective. Some of the tools used were: plenary sessions, group work, Bible studies, videos, presentations on the general and on specific themes (such as women's participation in leadership training, in the life of the church, health and wholeness). Community prayers and healing rituals also helped the meeting achieve mutual solidarity.

Reading the Bible through women's eyes

For a long time, women had no access to study of the Bible, which was restricted to priests and pastors. But in the 1970s and '80s, people all over Latin America began to read the Bible again, and Liberation Theology became more known. Whether they were Catholic or Protestant, the women who



We affirm that God is manifest in all contexts and cultures. God did not create us different from each other so that we should subordinate each other but so that we should relate to and learn from each other. Therefore, we need to affirm and proclaim the Gospel in our cultural contexts.

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did theology worked from the reality of poor women, and many of them were working on literacy. These women read the Bible in search of knowledge about how women, like Esther or Deborah, participated in the history of their peoples and in the Judeo-Christian history of salvation. Nevertheless, there was still little questioning of gender relations at that time. In Latin America, women were still playing the same traditional roles in the life of the church, and in the domestic domain.

At the end of the '80s, many women began to study theology, and to work in theological institutions. That helped strengthen the process of reading the Bible through women's eyes. The search for the feminine in God, for instance, was one of their objectives. In their theological reflections the women affirmed that men and women are created in the image of God.

Reading the Bible using gender analysis as a tool became more popular in the '90s. That led women to read the Bible from their own personal contexts, but with a focus on relationships rather than on their individualistic, isolated experiences. It was established that Bible reading is conditioned by a myriad of factors, including one's ethnic, racial, socio-economic, gender and age status.

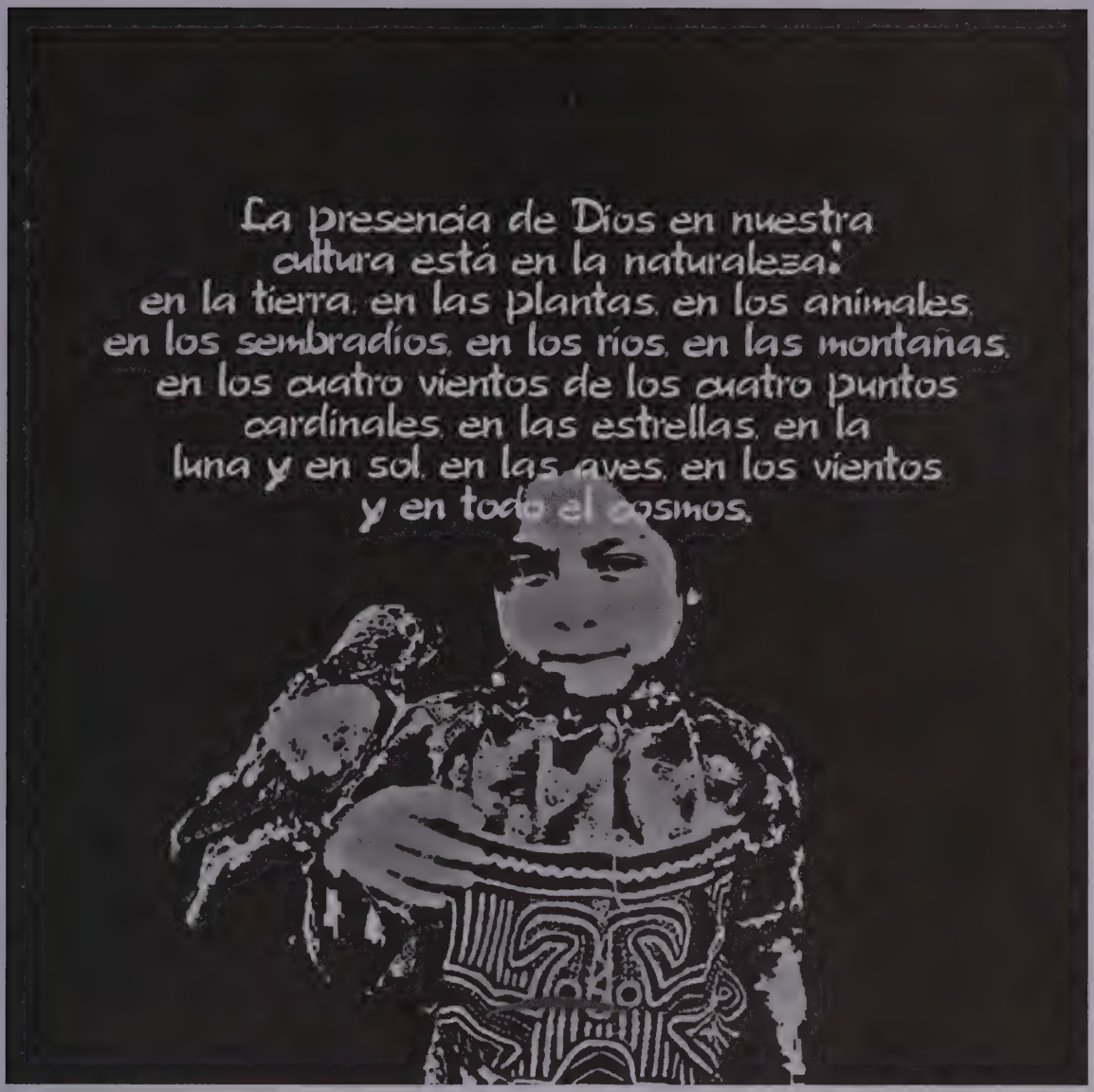
At the "Bible and Gender" workshop, the texts used were

Genesis 1 and 2,
Kings 4:1-7,
2 Samuel 11:1-27,
1 Corinthians 11:2-16,
Ephesians 5:21;6:1-9
and John 20:10-18.

To help us understand the these texts, the following questions were asked:

- What are the texts telling us, and what is the resemblance with present realities?
- What differences can be identified, and how do we explain those differences?

Each question was discussed in groups, and shared in plenary sessions. This exercise revealed the different contexts in which the biblical texts were written, and their history. Subsequently, the



The presence of God in our culture is rooted in nature: in the earth, the plants, the animals, fields, rivers, mountains, in the winds from the four cardinal points, in the stars, the moon and the sun, in the birds, the winds and in the whole cosmos.

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participants used this information to interpret their political, economic, religious and socio-cultural realities, and relate them to the Bible and to the community.

In this interpretative cycle, the women understood that reality needs to be taken into account at all times. Additionally, new questions arise along the way in relating the experiences presented in the texts to our own experience, and this leads us to a new understanding.

The workshop taught the women participants how to:

- make a contextual analysis of reality
- identify gender, class, racial/ethnic elements
- analyse the situation of the women in the texts in relation to our own contexts and in dialogue with women's present realities
- identify the message for African Descendants and Indigenous women today
- define the parallels between the women in the texts and our own life experiences. Participants also reflected on the impact and contributions that such texts could make to the lives of their own churches and communities.

Follow-up

The participants left the workshop with a clear understanding of the need to identify spaces in the churches in which the lessons learned could be socialised. They defined a clear communication networking strategy, to be carried out throughout the training programme, and between training sessions. They committed themselves to bring a proposal spelling out how they intend to develop the training in their local communities to the next workshop session on "Bible and Identity" (in July 2002, in Guatemala). •

* (on the basis of the Report of the "Bible and Gender" workshop)

Marilia Schüller is programme executive for Combating Racism, Justice, Peace and Creation team of the WCC.

PUBLICATIONS OF INTEREST

GLOBALISATION AT WHAT PRICE?
Economic Change and Daily Life
Pamela K. Brubaker

In the midst of rapid economic change on a global scale, many people feel ill-equipped to respond. The author provides options for addressing the critical issues of globalisation and explores successful economic justice efforts. PAMELA K. BRUBAKER is associate professor of Christian ethics at California Lutheran University. She is co-editor of Welfare Policy: Feminist Critiques (The Pilgrim Press, 1999).

ISBN 0-8298-1438-8, Paper- $10.00, order from: The Pilgrim Press, Tel: for orders: 001-800-537-3394,

THE LUGANO REPORT
On Preserving Capitalism in the 21st Century
Susan George

What would you recommend if you wanted to preserve capitalism in the 21st century? A multidisciplinary Working Party convened by world leaders to consider the future of the world economy concludes that it is grossly undermanaged, gravely threatened by its own excesses, prone to ecological collapse and an unlikely candidate for long-term survival. How, then, can the winners in the globalisation game guarantee their own comfortable future? There is a way, but one which may be too awful to contemplate. The Lugano Report stakes out new territory and proceeds with relentless logic from uncompromising diagnosis to chilling cure.

If this is the future, you will be moved to seek out a different one. In her appendix and afterword, Susan George challenges the conclusions of the Working Party and offers alternative solutions.

Pluto Press, London, September 1999 (208pp), ISBN: 0-7453-1532-1

THE LIMITS OF CAPITALISM
An Approach to Globalisation Without Neoliberalism
Wim Dierckxsens

This book is a trenchant critique of globalisation under the sign of neo-liberal economic policies and is a powerful proposal for a different and democratic way forward. It argues that the political Achilles Heel of globalisation is that it is taking place without the engagement of citizens at large, or even consulting them. The author argues that the neo-liberal mindset cannot appreciate the differences between economic efficiency and vitality or between productive and unproductive investment, and has no notion of the Common Good.

Palgrave Macmillan Ltd, January 2001, ISBN:1-85649-869-7, $22.50.

AGAINST GLOBAL APARTHEID
South Africa meets the World Bank, IMF and International Finance
by Patrick Bond (Alternative Information & Development Centre associate researcher)

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South Africans hold positions of great influence in the world of international finance: President Thabo Mbeki regularly speaks of fighting "global apartheid", and does so as leader of the Non-Aligned Movement and Commonwealth at the turn of the 21st century. Finance minister Trevor Manuel recently chaired the World Bank and IMF Board of Governors. Trade and Industry Minister Alec Erwin is one of the Third World's most forceful trade negotiators, and was President of UNCTAD during the late 1990s. Mamphela Ramphele is a managing director of the World Bank, responsible for social development.

However, Patrick Bond poses challenging questions, such as:

- Are these leading South Africans aspiring to break the chains of global apartheid – or merely to shine them?
- What, in contrast, are South Africa's grassroots activists saying and doing at "anti-globalisation" protest in Seattle, Washington, Prague and Johannesburg?
- Should the key institutions of international capitalist regulation – the World Bank, IMF and WTO – be fixed or "nixed"?
- For people all over the world, what are the implications of corporate globalisation's "race to the bottom", and of South Africans' varied reactions?

UCT PRESS, second edition is forthcoming from ZedPress.

Check out the website of ATTAC: http://www.attac.org/indexen/index.html for a very good list of links and information.

WCC PUBLICATIONS

WALKING ON THE WAY: BIBLICAL SIGNPOSTS

Hans-Ruedi Weber

In this refreshing reflection on key biblical texts, the author uses literary and historical analysis to discuss the great festivals of the ecclesiastical year and the important periods in between. He also draws on the work of artists, especially painters and weavers, interpreting the images and symbols they use.

Hans-Ruedi Weber was formerly director for biblical studies at the World Council of Churches, and a professor at the Graduate School of Ecumenical Studies at Bossey, near Geneva.

ISBN 2-8254-1357-7, 110pp., illustrated, Sfr.17.00, US$9.95, £6.95, EUR 11.00.

A CHINESE CONTRIBUTION TO ECUMENICAL THEOLOGY: *Selected Writings of Bishop K.H. Ting*

Edited by Janice and Philip Wickeri

A selection of theological writings by Bishop K.H. Ting, former head of the China Christian Council and chair of the Chinese Christian Three-Self Patriotic Movement. Born in Shanghai in 1915 and still principal of Nanjing Union Theological Seminary, Bishop Ting's mission throughout the last, often difficult, 60 years of change in China has been to address reconciliation between church and society, Christian and non-Christian, China and the world. The over-riding theme in his writings – God's love never ends – has sustained his philosophy.

ISBN 2-8254-1358-5, 128ppp., Sfr.22.00, US$12.95, £8.95, EUR 15.00

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